

GENERAL CONDITIONS (WCF – 07 – V.I)

**REGISTERED ON JANUARY 11, 2007
WITH THE SUB-REGISTRAR ASSURANCE VII, NEW DELHI VIDE
REGISTRATION NO.51 IN BOOK NO.4, VOL NO.1,321 FROM PAGE 52 TO 80**

**APPLICABLE TO WORKING CAPITAL FACILITIES
PROVIDED BY ICICI BANK LIMITED**

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 In the Facility Agreement and the General Conditions, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz.:

“Account” shall have the meaning ascribed to it in Section 2.2 hereof.

“Borrower” means the person(s) named in the Schedule to the Facility Agreement; the expression “Borrower” shall, unless it be repugnant to the subject or as the context may permit or require, include,

(a) in the case of a company / society / body corporate, its successors and permitted assigns;

(b) in the case of a partnership firm, any or each of the partners and survivor(s) of them and the partners from time to time (both in their personal capacity and as partners of the firm) and their respective heirs, legal representatives, executors, administrators and permitted assigns, successors of the firm;

(c) in the case of a proprietary concern, the proprietor / proprietress (both in his / her personal capacity and as proprietor / proprietress of the concern) and his / her their respective heirs, legal representatives, executors, administrators and permitted assigns, successors of the concern;

(d) in the case of a HUF, the Karta of the HUF and any or each of the adult members / coparceners of the HUF and the survivor(s) of them and their respective heirs, legal representatives, executors, administrators and permitted assigns, successors;

(e) in the case of an individual, his / her / their respective heirs, legal representatives, executors, administrators and permitted assigns;

(f) in the case of a trust with individuals as trustees, the trustee(s) for the time being, its successors and permitted assigns.

“Business Day” means a day on which the relevant office of the Bank specified in the Facility Agreement, or such other office as may be notified by the Bank to the Borrower, is open for normal business transactions.

“Credit Arrangement Letter” or “CAL” means the letter as of the date specified in the Schedule to the Facility Agreement in connection with sanction of the Facilities. The CAL shall be read in conjunction with the provisions of the Facility Agreement and shall form an integral part of the Facility Agreement. To the extent of any inconsistency or repugnancy, the contents of the Facility Agreement shall prevail to all intents and purposes. The expression “CAL” shall include all amendments to the CAL.

“Drawing Power” in connection with the relevant Facilities, means the drawing power of the Borrower to make draws from time to time under each of such Facilities upto the amount of respective Limits but not exceeding the value of the current assets, if any,

provided as security to the Bank for such of the Facilities as drawn by the Borrower less the corresponding Margin.

“Due Date” means the date(s) on which any amounts in respect of the Facilities including principal, interest or other monies, fall due in terms of the Transaction Documents.

“Event of Default” means any of the Events of Default specified in Section 5.1 hereof.

“Facility Agreement” means the particular Facility Agreement entered into between the Borrower and the Bank in respect of the Facilities, the General Conditions as applied thereto, the Schedule(s) and amendments to such Facility Agreement, the CAL and the General Conditions. Unless the term “General Conditions” and the CAL are used separately, the term “Facility Agreement”, wherever used in the Facility Agreement or the General Conditions or the CAL, shall be deemed to refer to the Facility Agreement read together with and including the General Conditions and the CAL.

“Facilities” shall have the meaning ascribed to it in Section 2.2 of the Facility Agreement.

“Indebtedness” means any indebtedness whatsoever of the Borrower at any time for or in respect of monies borrowed, contracted or raised (whether or not for cash consideration) or liabilities contracted by whatever means (including under guarantees, indemnities, acceptances, credits, deposits, hire-purchase and leasing).

“**ICICI Bank Base Rate**” means the percentage rate per annum decided by the Bank from time to time and announced / notified by the Bank from time to time as its base rate.

“Irregularity” means and includes draws by the Borrower exceeding the Drawing Power / Limits stipulated from time to time by the Bank against the Facilities and / or non-compliance or breach of the terms and conditions of any authorisation and / or applicable law and / or the Transaction Documents.

“Limits” shall have the meaning ascribed to it in Section 2.3 of the Facility Agreement.

“Margin” shall have the meaning ascribed to it in Section 2.3 hereof.

“Material Adverse Effect” means the effect or consequence of any event or circumstance which is or is likely to be :

(i) adverse to the ability of the Borrower or any person to perform or comply with any of their respective obligations under the Transaction Documents in accordance with their respective terms; or

(ii) prejudicial to any of the businesses, operations or financial condition of the Borrower or its project(s) or of any person who is party to any Transaction Documents.

“Overall Limits” shall have the meaning ascribed to it

in Section 2.1 of the Facility Agreement.

“Purpose” means the purpose(s) for which the Facilities have been availed of by from the Bank and as more particularly specified in the CAL.

“RBI” means Reserve Bank of India.

“Term Premium” means the percentage rate per annum for appropriate maturity and / or reset period decided by the Bank from time to time and announced by the Bank from time to time as its term premium rate.

“Transaction Documents” include the Facility Agreement, the General Conditions, the Credit Arrangement Letter, all other agreements, instruments, undertakings, indentures, deeds, writings and other documents whether financing, security or otherwise executed or entered into, or to be executed or entered into, by the Borrower or as the case may be, any other person, in relation, or pertaining, to the transactions contemplated by, or under the Transaction Documents, and each such Transaction Documents as amended from time to time.

1.2 In the Facility Agreement, unless the contrary intention appears:

(i) a reference to:

an agreement / document / undertaking / deed / instrument / indenture / writing includes all amendments made thereto from time to time as also all schedules, annexures and appendices thereto;

an “amendment” includes a supplement, modification, novation, replacement or re-enactment and “amended” is to be construed accordingly;

“assets” include all properties whatsoever both present and future, (whether tangible, intangible or otherwise), investments, cash-flows, revenues, rights, benefits, interests and title of every description;

“authorisation” includes an authorisation, consent, clearance, approval, permission, resolution, licence, exemption, filing and registration;

“control” includes the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise;

“encumbrance” includes a mortgage, charge, lien, pledge, hypothecation, security interest or any lien or any right of any description whatsoever;

“person” includes an individual, statutory corporation, body corporate, partnership, joint venture, association of persons, Hindu Undivided Family (HUF), societies (including co-operative societies), trust, unincorporated organisation, government (central, state or otherwise), sovereign state, or any agency, department, authority or political subdivision thereof, international organisation, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and assigns and in case of an individual shall include his legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being;

“law” includes any constitution, statute, law, rule, regulation, ordinance, judgement, order, decree, authorisation, or any published directive, guideline, requirement or governmental restriction having the force of law, or any determination by, or interpretation of any of the foregoing by, any judicial authority, whether in effect as of the date of the Facility Agreement or thereafter and each as amended from time to time;

“repayment” includes repaid, repayable, repay;

(i) a reference to a Sub-clause, Section or a Schedule of the Facility Agreement shall denote a reference to such Sub-clause, Section or Schedule as specified, of the Facility Agreement;

(ii) the singular includes the plural (and vice versa);

(iii) the index to and the headings in the Facility Agreement are inserted for convenience of reference only and are to be ignored in construing and interpreting the Facility Agreement;

(iv) reference to the words “include” or “including” shall be construed without limitation;

(v) reference to a gender shall include references to the female, male and neuter genders;

(vi) all approvals, permissions, consents or acceptance required from the Bank for any matter shall require the “prior”, “written” approval, permission, consent or acceptance of the Bank;

(vii) the words ‘hereof’, ‘herein’, and ‘hereto’ and words of similar import when used with reference to a specific Section or Sub-clause in, or Schedule to, the Agreement shall refer to such Section or Sub-clause in, or Schedule to the Facility Agreement, and when used otherwise than in connection with specific Sections, Sub-clauses or Schedules, shall refer to the Facility Agreement as a whole;

(viii) a reference to a “month” is a reference to a period starting on one day in a calendar month and ending on the date immediately before the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that calendar month;

(ix) the word “drawals”, “draw” and “drawn” shall include disbursements / drawings from time to time under the relevant Facilities and / or issuance of BGs and / or LCs and / or co-acceptance / acceptance of bills by the Bank;

(x) in the event of any disagreement or dispute between the Bank and the Borrower regarding the materiality or reasonableness of any matter including of any event, occurrence, circumstance, change, fact, information, document, authorisation, proceeding, act, omission, claims, breach, default or otherwise, the opinion of the Bank as to the materiality or reasonableness of any of the foregoing shall be final and binding on the Borrower;

(xi)(a) all capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant Schedule(s);

(b) all capitalised terms used but not specifically defined in the Schedule(s) shall have the respective meanings ascribed to them in the Facility Agreement or in the other relevant Schedule(s).

(c) All capitalised terms used but not defined in the General Conditions shall have the respective meanings assigned to them under the Facility Agreement.

1.3 The General Conditions set out herein shall, if the Facility Agreement so provides, be applicable to the Facilities provided by ICICI Bank.

If there is any inconsistency between the General Conditions and the Facility Agreement, the Facility Agreement will prevail.

ARTICLE II TERMS OF FACILITY

2.1(i) The Bank may, on such terms and conditions as the Bank may deem fit, agree to the Borrower's request for enhancement or decrease in the Overall Limits / respective Limits.

(ii) The Bank may grant / extend to the Borrower all or some or any of the Facilities, in part or whole, from any one or more branch(es) / office(s) of the Bank, subject to the Borrower complying with the provisions of the Transaction Documents and such conditions as may be stipulated by the Bank from time to time.

2.2 The Borrower shall, if so required, open cash credit account(s) or other account(s) (the "Account", which expression shall mean any or each of such account(s), as the context may permit or require) at the branch(es) of the Bank as is specified in the CAL or such other branch as may be intimated to the Borrower by the Bank from time to time, for availing the Facilities upto the respective Limits.

2.3 The Borrower shall, if so required by the Bank, maintain such margin(s) (the "Margin") in respect of the Facilities as are specified in the CAL, during the subsistence of the Facilities. The Bank shall be entitled to, at its sole discretion, vary the Margin and the Borrower shall thereafter be bound to maintain such Margin notwithstanding any Margin earlier agreed.

2.4(i) Subject to the compliance of the terms and conditions of the Transaction Documents, the Facilities may be drawn out of the Account from time to time / disbursed in installments and the Facilities shall be utilised by the Borrower exclusively for the Purpose. The Bank may, at the request of the Borrower, make / allow disbursements / drawals under the Facilities by cheques / pay orders / authorisations and / or by issuance of BGs and / or LCs and / or co-acceptance / acceptance of Bills by the Bank.

(ii) In the event any monies are remaining due and payable by the Borrower to the Bank, under the

Transaction Documents or otherwise, the Bank may, at its sole discretion, reduce the availability of the amounts of the Overall Limits and / or adjust such monies against the respective available Limits and all such adjustments shall be treated as drawals by the Borrower.

(iii) The Borrower shall at all times confine the drawals out of the relevant Facilities within the respective Drawing Power. Provided, however, the Bank may at the specific request of the Borrower and at its own discretion, allow drawals beyond such Drawing Power for such period as may be permitted by the Bank. Provided, further, the grant of such excess drawings to the Borrower shall be liable to be suspended / discontinued / revoked by the Bank without any notice to the Borrower. The Borrower shall repay all such excess drawings on demand unless otherwise specified by the Bank. Till repayment of such excess drawings, the excess drawn amounts shall carry interest at the default interest rate specified in the CAL. All the provisions of the Transaction Documents and all securities created, if any, pursuant to the Facility Agreement will extend to cover such excess drawings.

(iv) Interest specified in the CAL or any other provision in the Transaction Documents will be computed from the respective Due Dates and shall become payable upon the footing of compound interest with monthly rests or such other rests as may be prescribed by the Bank from time to time

(v) The Borrower acknowledges and agrees that the rates of default interest specified in the Transaction Documents are reasonable and that they represent genuine pre-estimates of the loss expected to be incurred by the Bank in the event of non payment of any monies by the Borrower.

(vi) The Borrower shall bear all taxes, other imposts, costs, charges, fees and duties including stamp duty and relevant registration and filing charges in connection with the Transaction Documents, as may be levied from time to time by the Government or other authority including those incurred by the Bank, in accordance with the laws for the time being in force in respect of or in connection with the Facilities, and the Transaction Documents. In the event of the Borrower failing to pay the monies referred to above, the Bank shall be at liberty, but shall not be obliged to pay the same. The Borrower shall reimburse all sums paid by the Bank in accordance with the provisions contained herein.

(vii) Applicable for resident Borrower: All payments by the Borrower under the Transaction Documents shall be made free and clear of and without any deduction, except to the extent that the Borrower is required by law to make payment subject to any tax deduction at source under the applicable law. Provided that, all taxes required by law to be deducted by the Borrower from any amounts paid or payable under the Transaction Documents including but not limited to

interest, commission, discount, service and other charges, any fees, shall be paid by the Borrower; and the Borrower shall, within the statutory time frame prescribed under the law or 20 days of the payment being made, whichever is earlier, deliver to the Bank satisfactory evidence in accordance with the prevailing tax laws as may be amended from time to time, that the tax has been deducted at source and duly remitted to the appropriate authority.

Applicable for non-resident Borrower: All payments by the Borrower under the Facility Agreement shall be made free and clear of and without any deduction / withholding, except to the extent that the Borrower is required by law to make payment subject to any deduction / withholding of taxes. If any tax or amounts in respect of tax must be deducted / withheld, or any other deductions / withholdings must be made, from any amounts payable or paid by the Borrower, the Borrower shall pay such additional amounts as may be necessary to ensure that the Bank receives a net amount equal to the full amount which it would have received had payment not been made subject to tax or other deduction / withholding. Provided that, all taxes required by law to be deducted / withheld by the Borrower from any amounts paid or payable including but not limited to interest, commission, discount, service and other charges and any fees, under the Facility Agreement, shall be paid by the Borrower when due and the Borrower shall, within the statutory time frame prescribed under the law or 20 days of the payment being made, whichever is earlier, deliver to the Bank satisfactory evidence in accordance with the prevailing tax laws as may be amended from time to time, that the tax has been deducted at source / withheld and duly remitted to the appropriate authority.

(viii) Interest on the outstanding amounts under the Facilities / discount or other charges when debited to the relevant Account by the Bank, shall be calculated on the daily debit balance of such Account.

(ix) Interest, commission, discount and all other charges shall accrue from day to day and shall be computed on the basis of 365 days a year for rupee Facilities and 360 days for foreign currency Facilities, and the actual number of days elapsed.

(x) The interest payable by the Borrower shall be subject to the changes based on guidelines / directive issued by RBI to banks from time to time and the changes made by the Bank.

2.5 If the Due Date in respect of any amount payable under the Facilities falls on a day which is not a Business Day at the place where the payment is to be made, the immediately preceding Business Day shall be the Due Date for such payment.

2.6 The Borrower shall reimburse all sums paid and / or expenses incurred by the Bank (including by or on behalf of their representatives / consultants / appraiser)

with interest at the rate applicable to the Facilities from the date of payment till such reimbursement. The Bank shall be entitled to debit the relevant Account for the aforesaid amounts or call upon the Borrower to make payment of the same within such period as may be specified by the Bank.

2.7 The Borrower agrees, declares and confirms that, notwithstanding any of the provisions of the Indian Contract Act, 1872 or any other applicable law, or any terms and conditions to the contrary contained in the Facility Agreement, the Bank may, at its absolute discretion, appropriate any payments made by the Borrower under the Facility Agreement / any amounts realised by the Bank by enforcement of security or otherwise, towards the dues payable by the Borrower to the Bank under the Facility Agreement and / or other agreements entered into between the Borrower and the Bank and in any manner whatsoever.

2.8 Unless otherwise specified in the Facility Agreement, all monies payable by the Borrower to the Bank shall be paid into the relevant Account through which the Borrower was allowed the operation of the Facilities or to such other account(s) as the Bank may notify to the Borrower by cash, telegraphic, telex, electronic fund transfer, mail transfer or by cheque / bank draft drawn in favour of the Bank on a scheduled bank and shall be so paid as to enable the Bank to realise, at par, the amount on or before the relative Due Date. Credit for all payments by cheque / bank draft will be given only on realisation or on the relative Due Date, whichever is later.

2.9 The Borrower shall not, without the approval of the Bank (which approval may be given subject to such terms and conditions as may be stipulated by the Bank including payment of premium or discounted interest and / or any other charges, plus applicable interest tax or other statutory levy) or unless otherwise permitted under the CAL and / or the Facility Agreement, prepay the outstanding principal amounts of the Facilities in full or in part which are in the nature of loans, before the Due Dates.

ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 The Borrower makes the following representations, declarations, warranties, covenants, agreements and confirms that they are and will continue to remain, true, correct, valid and subsisting in every respect as of the date of the Facility Agreement, the date(s) of drawals under the Facilities, the date(s) of execution of each amendment to the Facility Agreement and each Due Date, which representations, declarations, warranties and agreements shall survive the execution and delivery of

the Transaction Document, provision of the Facilities under the Facility Agreement and repayment / payment in full of the Facilities and all monies in respect thereof :

(i) All the information provided by the Borrower to the Bank are true and accurate in all material respects, are not misleading and does not omit any material fact, the omission of which would make any fact or statement therein misleading and the other representations and warranties wherever provided by the Borrower to the Bank shall be deemed to form part of the representations and warranties herein made.

(ii)(a) The Borrower has the competence and authority to enter into the Transaction Documents and to carry on its business and operations as it is being or is proposed to be conducted;

(b) All the licenses, permits and authorizations required for carrying on its business or industry have been obtained and are in full force and effect.

(c) The Borrower is in compliance in all respects with all laws, including environmental laws, and regulations affecting its assets, its business and operations and has good title to or valid leases or licenses of, or is otherwise entitled to use its assets.

(d) The Borrower has the power to avail of the Facilities from the Bank and the total borrowings including the Facilities are within the prescribed limits, if any.

(iii) The entry into, delivery and performance by the Borrower of, and the transactions contemplated by, the Transaction Documents do not and will not conflict:

(a) with any law;

(b) with the constitutional documents, if any, of the Borrower; or

(c) with any document which is binding upon the Borrower or on any of its assets. (iv) No default is subsisting or might result from the execution of, or the availing of the Facilities under, the Facility Agreement by the Borrower;

(v) The Borrower has complied in all material respects with all taxation laws in all jurisdictions in which it is subject to taxation and has filed all tax returns and paid all taxes and statutory dues due and payable by it and, to the extent any taxes are not due, has established reserves that are adequate for the payment of those taxes and statutory dues.

(vi) Where the accounts are required to be audited under applicable law, the most recent audited accounts of the Borrower: have been duly audited and prepared in accordance with applicable accounting principles and practices and represent a true and fair view of its financial condition AND there has been no Material Adverse Effect since the date on which those accounts were drawn up.

(vii) Except to the extent disclosed to the Bank –

(a) no litigation, arbitration, administrative or other proceedings by government, governmental authority, official or entity are pending or threatened against the Borrower or its assets, which, if adversely determined,

might have a Material Adverse Effect.

(b) Borrower has not taken any action / other steps / legal proceedings started by or against it in any court of law / other authorities for its insolvency, bankruptcy, winding up, dissolution, administration or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of the Borrower or of any or all of its assets.

(viii) Except to the extent disclosed to the Bank:

(a) all the Borrower's contracts or agreements with, or any commitments to, any affiliates or group companies (if applicable) are on arms' length basis;

(b) No director of the Bank is: a director, manager, managing agent, employee or guarantor of the Borrower, or of a subsidiary of the Borrower, or of the holding company of the Borrower, or holds substantial interest, in the Borrower or a subsidiary or the holding company of the Borrower and no directors of any other bank holds substantial interest or is interested as director or as a guarantor of the Borrower;

(c) No relative (as specified by RBI) of a Chairman / Managing Director or director of banking company (including the Bank) or a relative of senior officer (as specified by RBI) of the Bank, hold substantial interest or is interested as a director or as guarantor of borrower.

(ix) Except as otherwise disclosed to the Bank in writing or unless otherwise permitted by the Bank, there are no encumbrances subsisting or in existence on any of the Borrower's assets.

(x) Neither the Borrower nor any director, partner, member or trustee of the Borrower has been declared to be a willful defaulter. The borrower shall not induce a person in the capacity of director / promoter who is a director / partner / member / trustee of a company / firm / Association of persons / trust as the case may be, identified as willful defaulter. In the event of such a person is found to be a director / partner / member / trustee of a company / firm / Association of persons / trust as the case may be, identified as willful defaulter, the Borrower shall take expeditious and effective steps for removal of such person.

3.2 The Borrower shall promptly:

(i) Notify the Bank of the occurrence of any event or the existence of any circumstances which constitutes or results in any declaration, representation, warranty, covenant or condition under the Transaction Documents being or becoming untrue or incorrect in any respect.

(ii) Deliver to the Bank:

(a) copies of all documents issued by the Borrower to all its creditors or any general class of them at the same time as they are issued;

(b) such documents, financial or otherwise, as are specified in the CAL , or as may be required by the Bank from time to time in relation to the Facilities, the

Borrower's business and operations, assets etc. within the period specified in the CAL or by the Bank.

(iii) Notify the Bank of any circumstances and conditions which are prejudicial to or affects or is likely to affect any of the businesses, operations or financial condition of the Borrower or its project(s) and / or of any person who is party to any Transaction Document.

3.3 The Borrower hereby further covenants and agrees that:

(i) The Borrower shall maintain its existence, corporate or otherwise, and right to carry on its business and operations.

(ii) The Borrower shall comply with such other conditions as may be stipulated by the Bank from time to time on account of requirement of any applicable law.

(iii) The Borrower shall carry out such modifications to its constitutional documents / other relevant agreements as may be deemed necessary in the opinion of the Bank to safeguard the interests of the Bank under the Transaction Documents.

(iv) In the event that the existing auditors cease to act as the auditors of the Borrower for any reason, the Borrower shall promptly inform the Bank of the reasons for such cessation and shall appoint another firm of independent chartered accountants, acceptable to the Bank, in accordance with applicable laws.

(v) The Borrower shall ensure that, save as otherwise provided in the Transaction Documents, its obligations under the Transaction Documents do and will rank above and prior to all its other present and future obligations.

3.4 The Borrower hereby further covenants and agrees that without the prior written approval of the Bank, the Borrower shall not:

(i) Undertake or permit any merger, de-merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction including creation of any subsidiary or permit any company to become its subsidiary.

(ii) Declare or pay any dividend or authorise or make any distribution to its shareholders / members / partners or permit withdrawal of amounts brought in:

(a) unless it has paid all the dues in respect of the Facilities upto the date on which the dividend is proposed to be declared or paid / such distribution is to be made, or has made provisions therefor satisfactory to the Bank, or

(b) if an Event of Default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorisation or making of distribution.

(iii) Pay any commission to its promoters, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking

any other liability in connection with any Indebtedness incurred by the Borrower or in connection with any other obligation undertaken for or by the Borrower.

(iv) Make any investments whether by way of deposits, loans, or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance except as otherwise permitted under the Facility Agreement. This provision shall not apply to loans and advances granted to staff or contractors or suppliers in the ordinary course of business.

(v) In the event the Borrower is a body corporate (excluding co-operative society):

(a) buy back, cancel, retire, reduce, redeem, repurchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes, or

(b) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever.

(vi) Change its financial year-end from the date it has currently adopted.

(vii) Change the accounting method or policies currently followed by the Borrower unless expressly required by applicable law.

(viii) Avail of any credit facilities or accommodation from any bank(s) or financial institution(s) or any person, firm or company in any manner other than the bank(s) at present providing working capital facilities to the Borrower and as disclosed to the Bank nor shall it deal with or through any other bank(s) or financial institution(s).

(ix) Enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.

3.5 The Borrower acknowledges, agrees and confirms that:

(i)(a) The Bank and its group companies shall have the paramount right of set-off and lien, irrespective of any other lien or charge, present as well as future on the deposits of any kind and nature held / balances lying in any accounts of the Borrower, whether in single name or joint name(s) and on any monies, securities, bonds and all other assets, documents and properties held by / under the control of the Bank and / or its group companies whether by way of security or otherwise pursuant to any contract entered / to be entered into by the Borrower in any capacity to the extent of all outstanding dues, whatsoever, arising as a result of any of the Bank's or its group companies' services extended to and / or used by the Borrower and / or as a result of any other facilities that may be granted by the Bank and / or its group companies to the Borrower.

(b) To settle any indebtedness whatsoever owed by the Borrower(s) to the Bank and / or its group companies, hereunder or under any other document / agreement, by adjusting, setting-off any deposit(s) and / or

transferring monies lying to the balance of any account(s) held by the Borrower with the Bank and / or its group companies. The Bank's and its group companies' rights hereunder shall not be affected by the Borrower's bankruptcy, death or winding-up. It shall be the Borrower's sole responsibility and liability to settle all disputes / objections with any such joint account holders.

3.6 In addition to the above mentioned right or any other right which the Bank and its group companies may at any time be entitled whether by operation of law, contract or otherwise, the Borrower authorises the Bank:

- (i) to combine or consolidate at any time all or any of the accounts and liabilities of the Borrower ;
- (ii) to sell any of the Borrower's securities or properties held by the Bank;
- (iii) To extend rights, obligations and securities of the Borrower under any account to any other account of the Borrower with the Bank notwithstanding that such account may not relate to any particular facility granted / to be granted to the Borrower.

3.7 The Facility Agreement is in addition to and not in derogation of the agreement(s), if any, already entered into by the Borrower with the Bank in respect of working capital limits already enjoyed by the Borrower with the Bank prior to the sanction of the Facilities by the Bank. Notwithstanding anything to the contrary contained in the Facility Agreement or in the aforesaid agreement(s), all the obligations and liabilities of the Borrower in respect of the earlier limits authorised and subsisting shall, unless otherwise agreed to by the Bank, be valid, effectual and binding on the Borrower as if those obligations and liabilities are herein set out in extenso and the security, if any, created by the Borrower for the earlier limits authorised shall stand modified automatically as if the security, if any, for the Facilities are expressly made applicable thereto.

3.8 Security, if any, created by the Borrower or any other person in terms of the Facility Agreement shall continue to remain unaffected by reason of the Account being brought to credit at any time or of its being drawn upon to the full extent and afterwards being brought to credit, and shall continue until the termination of the Facility Agreement and payment of all monies due under the Facilities

3.9 The Facility Agreement shall be operative for the balance from time to time due by the Borrower to the Bank in the Account relating to the relevant Facilities and such Account shall not be considered as closed by reason of such Account being brought to credit at any time or from time to time or of its being drawn upon to the full extent and afterwards brought to credit and the Facility Agreement will continue to be operative and

unaffected until such relevant Facilities are terminated and all monies in respect thereof are repaid in full to the Bank.

ARTICLE IV RECORDS AND INSPECTION

4.1 The Borrower shall keep and maintain in accordance with good business practice and applicable laws, all statutory books, books of accounts, bank statements / pass books and other records of the Borrower and in particular, maintain records showing the operations and financial conditions of the Borrower and such records shall be open to examination by the Bank and / or its authorised representatives.

ARTICLE V EVENTS OF DEFAULT

5.1 The occurrence of any one or more of the following events shall constitute an Event of Default under the Facility Agreement:

- (i) Default has occurred in the payment of any monies in respect of the Facilities on the Due Dates, whether at stated maturity, by acceleration or otherwise.
- (ii) Default other than a payment default has occurred in the performance of any covenant, condition or agreement on the part of the Borrower the or any other person under the Transaction Documents and such default has continued for a period of 30 days after notice in writing thereof has been given to the Borrower or as the case may be, to such other person, by the Bank (except where the Bank is of the opinion that such default is incapable of remedy, in which event, no notice shall be required).
- (iii) Breach of any representation, warranty, declaration, or covenant has occurred..
- (iv) The Borrower has, or there is a reasonable apprehension that the Borrower has become bankrupt or insolvent or the subject of proceedings under any bankruptcy or insolvency law, or is dissolved, or if the Borrower has taken or suffered to be taken any action for its reorganisation, liquidation or dissolution or insolvency or bankruptcy or if a receiver or liquidator has been appointed or allowed to be appointed of all or any part of the assets of the Borrower or if an attachment or distraint has been levied on the Borrower's assets or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Borrower or if one or more judgements or decrees have been rendered or entered against the Borrower and such judgements or decrees are not vacated, discharged or stayed for a period of 30 days, and such judgements or decrees involve in the aggregate, a liability which could have a Material Adverse Effect.
- (v) If the security, if any, for the Facilities is in jeopardy or ceases to have effect or if any Transaction

Documents executed or furnished by or on behalf of the Borrower becomes illegal, invalid, unenforceable or otherwise fails or ceases to be in effect or fails or ceases to provide the benefit of the liens, rights, powers, privileges or security interests purported or sought to be created thereby or if any such Transaction Documents shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the Bank.

(vi) Any person acting singularly or with any other person either directly or indirectly acquires control of the Borrower or of any other person who controls the Borrower, without the approval of the Bank.

(vii) It is or becomes unlawful for the Borrower or any person including the Bank to perform any of their respective obligations under the Transaction Document.

(viii)(a) The Borrower is unable or has admitted in writing its inability to pay any of its Indebtedness as they mature or when due;

(b) An event of default howsoever described or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing would constitute an event of default occurs under any agreement or document relating to any Indebtedness of the Borrower or if any other lenders of the Borrower including financial institutions or banks with whom the Borrower has entered into agreements for financial assistance have recalled its / their assistance or any part thereof;

(c) Any person is in breach of, or does not comply with, any term or condition, whether, financial, performance or otherwise of any Transaction Document.

5.2 The Borrower shall promptly notify the Bank in writing upon becoming aware of any default and any event which constitutes an Event of Default and the steps, if any, being taken to remedy it.

5.3(i) On the happening of any of the Events of Default or if the Overall Limits / Limits are not renewed beyond the validity period specified in the CAL or if the Borrower has not availed of or drawn from the Facilities by the aforesaid validity period, the Bank may, by a notice in writing to the Borrower and without prejudice to the rights and remedies available to the Bank under the Facility Agreement or otherwise:

(a) terminate the Facilities and / or call upon the Borrower to pay all the dues in respect of the Facilities, and / or

(b) suspend further access / drawals by the Borrower to the use of the Facilities under the Facility Agreement; the right of the Borrower to avail of or make drawals from the Facilities shall continue to be suspended until the Bank has notified the Borrower

that the right to avail of or make drawals from the Facilities has been restored, and / or

(c) declare the security created, if any, in terms of the Transaction Documents to be enforceable, and notwithstanding anything to the contrary contained in the Transaction Documents the Bank or such other person in favour of whom such security or any part thereof is created shall have, inter alia, the following rights namely :

(1) to enter upon and take possession of the assets comprised within the security, if any; and / or

(2) to transfer the assets comprised within the security created, if any by way of lease, leave and licence, sale or otherwise.

(ii) In addition to the rights specified in sub-clause (1) above, the Bank shall also be entitled to appoint :

(a) any person engaged in technical, management or any other consultancy business to inspect and examine the working of the Borrower and / or the assets including its premises, factories, plants and units and to report to the Bank;

(b) any Chartered Accountants / Cost Accountants as auditors for carrying out any specific assignments or to examine the financial or cost accounting system and procedures adopted by the Borrower for its working or as concurrent or internal auditors, or for conducting a special audit of the Borrower.

(iii) Notwithstanding any suspension or termination pursuant to the Facility Agreement, all the provisions of the Facility Agreement for the benefit or protection of the Bank and its interests shall continue to be in full force and effect as provided in the Facility Agreement.

(iv)(a) On the happening of any of the Events of Default, if the Borrower is a body corporate (excluding co-operative society), the Bank shall have the right to appoint and remove from time to time, Director(s) on the Board of Directors of the Borrower (such directors are hereinafter referred to as the "Nominee Director(s)").

(b) The Nominee Director(s) shall:

(1) not be required to hold qualification shares nor be liable to retire by rotation;

(2) be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but if any other fees, commission, monies or remuneration in any form is payable to the Directors, the fees, commission, monies and remuneration in relation to such Nominee Director(s) shall be paid by the Borrower directly to the Bank; Provided that if any such Nominee Director(s) is an employee of the Bank, the sitting fees and expenses in relation to such Nominee Director(s) shall be paid by the Borrower directly to the Bank; Any expenditure incurred by the Bank or the Nominee Director(s) in connection with his appointment of directorship shall be borne and payable by the Borrower;

(3) be appointed a member of committees of the

Board, if so desired by the Bank;

(4) be entitled to receive all notices, agenda and other related communications and to attend all General Meetings and Board Meetings and Meetings of any committees of the Board of which he is a member.

(c) If, at any time, the Nominee Director(s) is not able to attend a meeting of the Board of Directors or any of its committees of which he is a member, the Bank may depute an observer to attend the meeting. The expenses incurred by the Bank in this connection shall be borne and payable by the Borrower.

(d) The Nominee Director(s) / the observer shall be entitled to furnish to the Bank a report about the proceedings of all such meetings.

(e) The appointment / removal of the Nominee Director(s) shall be by a notice in writing by the Bank addressed to the Borrower and shall unless otherwise indicated by the Bank take effect forthwith upon such a notice being delivered to the Borrower.

iv (b) On the happening of any of the Events of Default, if the Borrower is a body corporate (excluding co-operative society), the Bank shall have the right to appoint and remove from time to time, observer(s) to attend all Board & General meetings of the Borrower (hereinafter referred to as the "Observer(s)"). The Borrower agrees that:

- i. The Observer(s) shall be entitled to receive all notices, agenda, etc. and to attend all General Meetings, Board Meetings and Meetings of any committees of the Board of the Borrower.

Any expenditure incurred by ICICI Bank or the Observer(s) to attend such meetings shall be borne and payable by the Borrower.

- ii. If, at any time, the Observer(s) is not able to attend any General Meeting or a meeting of the Board of Directors or any of the Meetings of any committees of the Board of Directors, ICICI Bank may depute any other person to attend such meetings. The expenses incurred by ICICI Bank in this connection shall be borne and payable by the Borrower.

- iii. The Observer(s) shall be entitled to report the proceedings of all such meetings to the lender whom he represents on the Board of the Borrower.

The appointment/removal of the Observer(s) shall be communicated to the Borrower by a notice in writing by ICICI Bank addressed to the Borrower and shall (unless otherwise indicated by ICICI Bank) take effect

forthwith upon such a notice being delivered to the Borrower.

5.4 All expenses incurred by the Bank, whether before or after an Event of Default, has occurred including in connection with:

- (i) preservation and / or protection of, or enforcement action against the Borrower's assets or the assets comprised within the security, if any, for the Facilities whether then or thereafter existing, and
- (ii) collection of amounts due under the Transaction Documents, shall be payable by the Borrower.

5.5 The Bank shall also be entitled to cancel / suspend / terminate access to the Facilities at any time on account of regulatory requirements.

ARTICLE VI WAIVER

6.1 No delay in exercising or omission to exercise any right, power or remedy accruing to the Bank upon any default or otherwise under the Transaction Documents 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 Bank in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of the Bank in respect of any other default. The rights of the Bank under the Transaction Documents may be exercised as often as necessary, are cumulative and not exclusive of their rights under the general law and may be waived only in writing and specifically and at the Bank's sole discretion.

ARTICLE VII MISCELLANEOUS

7.1 All notices or other communications under or in connection with the

shall be given in writing and, unless otherwise stated may be made by letter or facsimile. Any such notice or other communication will be deemed to be effective:

(i) if sent by letter, when delivered personally or if dispatched by post, when recall of the letter is outside the control of the sender; and

(ii) if sent by facsimile, on receipt of a confirmation from the correct facsimile number. Provided, however, that no notice or communication to the Bank shall be effective unless actually received by the Bank. Notices or communication may be made to:

(a) the Borrower's address or facsimile number, and ;

(b) the Bank's address or facsimile number of its zonal / regional office specified in CAL, or to such other address or facsimile number as may be designated by the Borrower and the Bank in writing to each other. The Borrower acknowledges and confirms that notice, if any, provided by the Bank, as specified in this Section or in any other manner whatsoever, of any

changes in rate(s) mentioned above or any notice from the Bank for payment of amounts at the changed rate(s), shall be treated by the Borrower as sufficient and reasonable notice to the Borrower and the Bank is not bound to issue any further notice of such changes to the Borrower.

7.2 The entries made in the accounts / account books / records of the Bank maintained in accordance with its usual practice and in compliance with the statutory requirements and / or a statement signed by a designated officer of the Bank, shall be final and binding on the Borrower. Such entries and / or statement shall be prima-facie and conclusive evidence of the existence and amount of obligations of the Borrower as therein recorded in respect of the Facilities.

7.3 Upon receipt from the Bank of statement(s) giving details of:

(i) the aggregate debit balance in the Account as on the date(s) stated in such statement(s);
(ii) the further applicable accrued interest from the aforesaid date(s) mentioned in the aforesaid statement(s);
(iii) securities, if any, created for securing the Facilities / the amounts stated in the aforesaid Account, the Borrower shall forward its acknowledgement of the aforesaid indebtedness and the securities, if any, specified in the aforesaid statement(s), in the form prescribed by the Bank. In the event the Bank does not receive such acknowledgement from the Borrower within a period of ten days from the date of receipt of statement from the Bank, the Borrower shall be deemed to have confirmed the correctness of the entries in such statement(s) and acknowledged the indebtedness for the balance mentioned in the aforesaid statement(s). Non-receipt by the Borrower of statements pertaining to the Account or the incorrectness of any entry therein shall be brought to the notice of the Bank by the tenth day of every month or on receipt of such statement, as the case may be.

7.4 The Borrower agrees that any legal action or proceedings arising out of the Facility Agreement may be brought by the Bank, in its absolute discretion, in any competent court, tribunal or other appropriate forum having jurisdiction.

7.5 The Transaction Documents (unless otherwise specified in any Transaction Document) shall be governed by and construed in accordance with the laws of India.

7.6(i) The Borrower shall not assign or transfer all or any of its rights, benefits or obligations under the Transaction Documents without the approval of the Bank. The Bank may, at any time, assign or transfer

all or any of its rights, benefits and obligations under the Transaction Documents without notice to the Borrower. Notwithstanding any such assignment or transfer, the Borrower shall, unless otherwise notified by the Bank, continue to make all payments under the Facility Agreement to the Bank and all such payments when made to the Bank shall constitute a full discharge to the Borrower from all its liabilities in respect of such payments;

(ii) Without prejudice to the aforesaid provision, the Bank may (at its sole discretion), without notice to the Borrower, share the credit risk of the whole or a part of the Facilities with any other person by way of participation. Notwithstanding such participation, all rights, title, interests, special status and other benefits and privileges enjoyed or conferred upon or held by the Bank under the Transaction Documents shall remain valid, effective and enforceable by the Bank on the same terms and conditions and the Borrower shall continue to discharge in full all its obligations under the Transaction Documents to the Bank. The Borrower shall not have and shall not claim any privity of contract with such person on account of any reason whatsoever.

7.7 Subject to Section 7.6 hereof, the Facility Agreement shall be binding upon and enure to the benefit of each party hereto and its successors and assigns.

7.8 Any provision of the Transaction Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of prohibition or unenforceability but that shall not invalidate the remaining provisions of the Transaction Documents or affect such provision in any other jurisdiction.

7.9(i) The Borrower hereby agrees, confirms and undertakes that :

(a) The Bank shall, as it may deem appropriate and necessary, be entitled to disclose all or any :
(1) information and data relating to the Borrower;
(2) information or data relating to the Facilities or any other credit facility(ies) availed / to be availed by the Borrower from the Bank;
(3) obligations assumed / to be assumed by the Borrower in relation to the Facilities;
(4) default, if any, committed by the Borrower in discharge of the aforesaid obligations, to any agency / credit bureau (the "Agency") authorised in this behalf by RBI;
(b) The Agency so authorised may use, process the aforesaid information and data disclosed by the Bank in the manner as deemed fit by them;
(c) The Agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to banks / financial

institutions and other credit grantors or registered users, as may be specified by RBI in this behalf;

(d) The information and data furnished by the Borrower to the Bank from time to time shall be true and correct.

(ii) The Borrower hereby agrees that in case the Borrower commits a default in payment or repayment of any amounts in respect of the Facilities, the Bank and / or RBI will have an unqualified right to disclose or publish the details of the default and the name of the Borrower, its directors, partners, as the case may be, as defaulters, in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.

7.10 In case the Borrower is a partnership firm:

(i) The Borrower agrees that no change whatsoever in the constitution of the partnership firm during the continuance / validity of the Facility Agreement shall impair or discharge the liability of any one or all of the partners. In the event of death or retirement of any partner, the Bank shall at its discretion deal with the surviving and / or continuing partner(s), without affecting its rights as against the retiring partner or the heirs and legal representatives of the deceased partner, as the Bank shall think fit and proper, and the retiring partner and / or the heirs, executors, administrators, legal representatives of the deceased partner shall have no claim as against the Bank in respect of such dealing.

(ii) The partners who have signed the Facility Agreement confirm that:

(a) they are the only partners of the firm named in the Schedule to the Facility Agreement;

(b) the partnership firm is duly registered under the Indian Partnership Act, 1932.

(c) they shall advise the Bank in writing of any changes which may take place in the partnership;

(d) they will not dissolve / reconstitute the partnership firm without the approval of the Bank;

(e) all the partners are jointly and severally liable to the Bank for performance of all obligations under the Facility Agreement and the other Transaction Documents.

7.11 In case the Borrower is an HUF:

i) The Bank shall at all times be informed of any changes in the constitution of the HUF by furnishing necessary documents and writings. The Borrower agrees that no change whatsoever in the constitution of the HUF (named in the Schedule to the Facility Agreement) during the continuance / validity of the Transaction Documents shall impair or discharge the liability of any one or all of the adult members / coparceners of the HUF and shall be binding on the HUF, its estate, effects and successors.

ii) The Transaction Documents shall be enforceable against the Karta or any succeeding Karta of the HUF

or against any and all the adult coparceners / members of the HUF.

iii) The Karta, acting for HUF and in his personal capacity, and the other adult members / coparceners of the joint HUF represent, warrant and confirm to The Bank that :

(a) they are members / coparceners of the HUF;

(b) the signatories of the Facility Agreement are the only adult members of the HUF at present;

(c) the business carried on under the name and style given in the Schedule to the Facility Agreement is their joint family trade which is binding on the minor members, if any, being ancestral trade / business;

(d) the Facility Agreement have been entered into for and on behalf of the HUF and the transactions contemplated in the Facility Agreement are a part of the HUF business / trade referred to above;

(e) the HUF business / trade mentioned above is being conducted and managed by the adult members / coparceners of the HUF and all of them have been jointly and individually empowered to perform the terms of the Transaction Documents, against security or otherwise, and execute all necessary instruments, deeds, documents and writings and do all such acts, things and deeds as are necessary or incidental to the performance of the terms of the Transaction Documents, and also execute, draw, endorse, negotiate and sell cheques, bills, pro-notes, bills of exchange and other negotiable instruments on behalf of the HUF.

(f) The Karta, acting for the HUF and in his personal capacity, and the other adult coparceners / members of the HUF also hereby indemnify and keep the Bank indemnified against all actions, claims, demands, proceedings, losses, damages, costs, charges and expenses whatsoever which the Bank may at any time incur, suffer, pay or sustain as a consequence of or by reason of or arising out of the transactions contemplated in the Transaction Documents, and hold themselves personally liable, jointly and severally, in respect of all transactions entered into with the Bank or obligations incurred under the Transaction Documents.

7.12 In case the Borrower is a proprietor:

The proprietor hereby represents, warrants, confirms and undertakes that:

(i) he / she is the sole proprietor / proprietress of the firm named in the Schedule to the Facility Agreement;

(ii) he / she is solely responsible for the liabilities of the aforesaid firm and will be liable personally for performance of all obligations under the Transaction Documents.

**ARTICLE VIII
PROVISIONS RELATING TO
FACILITIES DENOMINATED IN
CURRENCIES OTHER THAN INDIAN RUPEES**

8.1 Subject to specific provisions incorporated in Article X hereof in relation to the relevant product(s), in case any of the Facilities are denominated in any currency other than Indian rupees, the following conditions shall apply :

(i) The foreign currency amount would be the limiting factor and the Borrower's liability would accordingly be reckoned in the foreign currency in which the relevant Facilities are denominated.

(ii) The Borrower is liable to pay interest and repay principal in the currency in which the relevant Facilities have been denominated. In the event of any default in the payment of principal and / or interest on the Due Date of such Facilities, the Bank may, at its discretion, convert the amount into Indian rupees, on the Due Date(s) for such payment(s) or on any subsequent date, at the Bank's TT selling rate prevailing on the date of such conversion. The amount due thereafter, would be reckoned as denominated in Indian rupees.

(iii) The Indian rupee equivalent of the relevant Facilities denominated in currencies other than Indian rupees have been reckoned for the purpose of the Facility Agreement at the exchange rates as mentioned in the CAL.

(iv) In the event the Indian rupees value depreciates vis-à-vis the currency in which the relevant Facilities are denominated resulting in increased liability in terms of Indian rupees vis-à-vis the currency of the relevant Facilities, the Borrower hereby agrees and confirms that:

(a) such increased value in terms of Indian rupees shall also be covered by the securities, if any, stipulated in the Facility Agreement;

(b) the Borrower shall further execute, sign and furnish all such documents, deeds and writings required by the Bank for the aforesaid purpose.

ARTICLE IX

CLAUSES APPLICABLE TO SECURED ASSETS

The following clauses are applicable if assets have been secured for the Facilities:

9.1(i) The Borrower and / or any other person (the "Security Provider") who has provided security for the Facilities shall make out a good and marketable title to its properties to the satisfaction of the Bank and comply with all such formalities as may be necessary or required for the said purpose. So long as any monies remain due and outstanding to the Bank, the Security Provider shall notify the Bank in writing of all its acquisitions of immovable properties and to make out a marketable title to the satisfaction of the Bank and mortgage the same in favour of the Bank, in such form and manner as may be decided by the Bank.

(ii) If at any time during the subsistence of the Facility Agreement, the Bank is of the opinion that the security provided by the Security Provider has become inadequate to cover the Facilities then outstanding

including the relevant Margin, then, on the Bank advising the Security Provider to that effect, the Security Provider shall provide and furnish to the Bank, to the satisfaction of the Bank such additional security and Margin as may be acceptable to the Bank to cover such deficiency. In the event the Borrower is unable to provide such Margin for any reason whatsoever, the Borrower shall pay to the Bank the equivalent amount in cash, keep all the securities intact and inform the Bank of any event prejudicially affecting the rights of the Bank relating to the security. The Bank shall have the right to appropriate cash, if any, provided by the Security Provider as above towards any defaulted amounts in respect of the Facilities.

(iii) The Bank shall be entitled to, at its sole discretion, decide whether or not they will accept as security for the purpose of any / some / all of the Facilities any goods, book-debts, movables and other assets offered from time to time to the Bank by the Security Provider. The Bank shall be also entitled to, at its sole discretion and at any time during the subsistence of the Facilities without previous notice and without assigning any reason whatsoever, to cease to accept the security from the Security Provider and / or to cease making advances / permit drawals there against.

(iv) The Bank shall be entitled to have all the goods, book-debts, moveables and other assets hypothecated and / or pledged valued at rates whether fixed by the Bank or not. The Security Provider agrees and confirms that:

(a) the indigenous raw materials / packing materials / consumable stores / spares may be valued at current market rates or invoice rates or Government controlled rates whichever are the lowest,

(b) imported raw materials may be valued at landed cost (including invoice value plus customs duty and other applicable duties) but excluding sales-tax and demurrage) or market price whichever is lower,

(c) semi-finished goods may be valued at cost of production, and

(d) finished goods may be valued at cost or market price or Government controlled rates or selling price whichever are the lowest. The Bank shall be at liberty to have any goods, book-debts, moveables and other assets which are secured for the relevant Facilities, valued by an appraiser appointed by the Bank and the Security Provider agrees and confirms to give all the required assistance / co-operation to such appraiser for such valuation and the said valuation shall be binding on the Security Provider. The Security Provider shall not overvalue the aforesaid assets and / or raise any objection to the valuation of the aforesaid assets as stated above.

(v) The Security Provider declares and assures the Bank that the Security Provider shall maintain regular turnover in the goods, movables and other assets hypothecated and / or pledged to the Bank.

9.2 (i) The Security Provider shall keep / cause to keep insured upto the reinstatement / replacement value thereof as approved by the Bank (including surveyor's and architect's fees) the assets charged / to be charged to the Bank and such of its other assets as are of an insurable nature against, unless otherwise specified in the CAL, fire, theft, lightning, explosion, earthquake, riot, strike, civil commotion, storm, tempest, flood, marine risks, erection risks, war risks and such other risks as may be specified by the Bank. The Security Provider shall take / caused to be taken an appropriate insurance cover under the Public Liability Insurance Act, 1991 if its activities include the handling of hazardous substances as defined in the Environment Protection Act, 1986 or under the Public Liability Insurance Act, 1991. Provided, however, the Borrower shall ensure that the

value of insurance policy in relation to stocks is equal to the value of the stocks at any point of time. Any shortfall in the value of insurance cover shall be covered immediately by the Borrower failing which the Bank shall be entitled to debit the Borrower's operative account with the Bank.

(ii) The Security Provider shall duly pay / cause to be paid all premia and other sums payable for the aforesaid purpose. The insurance in respect of the aforesaid assets shall be taken in the joint names of the the Security Provider and the Bank and any other person or institution having an insurable interest in the assets (pursuant to the approval of the Bank) and acceptable to the Bank or the Bank's name should be noted as first loss payee on such insurance policies.. Provided, however, there shall, be no obligation on the Bank to pay the insurance premia in case the Borrower / Security Provider fails to pay the same and it shall be a term of such policy that the Bank shall not be deemed to have any obligation or liability as a result of being a co-insured.

(iii) The Borrower agrees that, in the event of failure on the part of the Borrower / the Security Provider to insure the assets or to pay the insurance premia or other sums referred to above, the Bank may at its sole discretion get the assets insured or pay the insurance premia and other sums referred to above, as the case may be, such sum will then be reimbursed / caused to be reimbursed by the Borrower to the Bank together with interest thereon, in accordance with the terms of the Facility Agreement.

(iv) The Borrower shall deliver / cause to be delivered to the Bank promptly and in no event, later than 10 days after the same are issued, originals of all policies of insurance and renewals thereof and endorsements thereto.

(v) Until all the dues in respect of the Facilities are paid in full, the Borrower shall forthwith pay / caused to be paid to the Bank all monies if received by the Borrower and / or the Security Provider under any policy or policies of insurance and until payment to the Bank of monies received by the Borrower and / or

the security provider under any policy or policies of insurance, the Borrower shall hold / caused to be held the same in trust for the Bank.

Notwithstanding anything contained in the Facility Agreement and/or the General Conditions, the provisions of the CAL shall prevail for all intents and purposes in relation to the insurance.

9.3 The Security Provider shall :

(i) permit any officer / authorized representative of the Bank and / or, concurrent / statutory auditors / RBI officials / refinancing agency to carry out technical, financial and legal inspections of its premises, units, projects and assets at such intervals as may be specified in the CAL and to visit and examine any such assets including the Security Provider's facilities, factories, plants, godowns, sheds, galas, warehouses or any other places of storage where the assets of the Security Provider may be lying, installations, sites, works, buildings, properties or equipment, records, registers and accounts, costs, estimates, plans and specifications relating to assets, and / or examine records and documents relevant to the performance of the obligations of the Security Provider under the Transaction Documents. Any such representatives of the Bank and / or, concurrent / statutory auditors / RBI officials / refinancing agency shall have free access at all reasonable times to the Security Provider's assets and records and shall receive full cooperation and assistance from the Security Provider and its employees and / or agents and / or representatives;

(ii) permit any officer / authorized representative of the Bank to examine the Security Provider's books and papers and shall provide all facilities to enable any technically qualified person chosen by the Bank to report on the business and operations of the Security Provider at any time;

(iii) the cost of inspection, including traveling and all other expenses, shall be borne and payable by the Security Provider to the Bank in this behalf.

ARTICLE X ADDITIONAL PROVISIONS RELATING TO SPECIFIC PRODUCTS

PART A (LETTER OF CREDIT(S) / LC)

1. LC FACILITIES

The Bank has, at the request of the Borrower, agreed to open Letters of Credit in foreign currencies and / or in rupees in favour of the Suppliers for amounts to the maximum extent of the respective Limits specified in the Facility Agreement (the "LC Facilities", which expression shall, as the context may permit or require, mean any or each of such LC Facilities) from time to time. Provided, however, the total of LC Outstanding and Amounts Devolved under the LC Facilities shall

not at any point of time exceed the amount of the respective Limits.

2. PAYMENT AND INTEREST

(i) The Borrower shall accept and / or pay all Bills drawn in terms of the :

(a) Sight LCs, on presentation of Documents,

(b) Usance LCs, on the date of its maturity,

(ii) If, on default by the Borrower in paying the Bills / amounts paid / payable by the Bank in respect of the LCs on the Date of Crystallisation, the Bank is called upon / required / expected to pay or has paid, all or any of the monies in pursuance of the LCs, the Borrower shall forthwith pay / reimburse to the Bank, all amounts payable or as the case may be, paid by the Bank under the LCs together with all interest, costs, charges, expenses and monies whatsoever stipulated in or payable under the Transaction Documents. The Bank shall be entitled, at its sole discretion, without any further consent from the Borrower, to debit any of the account at the branch specified in the Schedule to the Facility Agreement and / or any of the other branches of the Bank, with the amount of any payments the Bank is required to make / makes under or in respect of the LCs, as also all interest, commission, charges and other monies payable by the Borrower in respect of the LCs.

(iii) (a) Notwithstanding the above and without prejudice to the Bank's other rights and remedies under the Facility Agreement, the Bank shall be at liberty to crystallise on the Date of Crystallisation, the Borrower's outstanding liability in respect of the LCs denominated in foreign currencies, by converting the foreign currency amount into Rupees, whereupon the Borrower shall forthwith pay / reimburse to the Bank the Indian rupee equivalent of such foreign currency amount as calculated at the Applicable Rate of Exchange in respect of such LCs (the "Defaulted Amounts – FC LC") and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank in writing be deemed to be on demand loan to the Borrower and shall, without prejudice to any other rights and remedies available to the Bank, carry interest at the rate specified in the CAL. Any difference on account of exchange fluctuations in the rates of foreign currencies involved between the payment made by the Borrower to the Bank and the actual amounts incurred by the Bank shall be borne by or be given credit to the Borrower. All payments made by the Bank in foreign currencies may be, at the option of the Bank, converted into rupees with reference to the actual cost to the Bank (including all commission or other bank charges and out-of-pocket expenses) in remitting the foreign currencies.

(b) Notwithstanding the above and without prejudice to the Bank's other rights and remedies under the Facility Agreement, the Bank shall be at liberty to crystallise on the Date of Crystallisation, the Borrower's outstanding liability in respect of the LCs

denominated in rupees (the "Defaulted Amounts – RLC") and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank in writing be deemed to be on demand loan to the Borrower and shall, without prejudice to any other rights and remedies available to the Bank, carry interest at the rate at the rate specified in the CAL.

Defaulted Amounts LC FC and Defaulted Amounts – RLC are hereinafter referred to as the "Defaulted Amounts.

(c) Notwithstanding anything contained herein, the interest payable by the Borrower with respect to the Facility shall be subject to the changes in interest rates made by the RBI from time to time.

3. BORROWER'S CONFIRMATIONS

(i) The Bank may in its sole and absolute discretion and without reference to the Borrower and without the Bank being required to ascertain whether or not there was any breach on the part of the Borrower of the agreements / contracts underlying the LCs and without the Bank being required to go into the validity thereof or otherwise and notwithstanding any directions to the contrary given by the Borrower or any other person on the ground of a dispute as to the liability of the Borrower or otherwise, admit or compromise and pay or submit to arbitration or dispute or resist any claim or demand made against the Bank under or in respect of such LCs and the benefit of the Facility Agreement shall continue to be available to the Bank in respect of any action or repayment which the Bank may take or make in respect of such LCs / LC Facilities.

(ii) The Borrower shall not amend or agree to amend or grant waiver of any of the provisions of the Documents.

(iii) The LCs will be opened by the Bank only as per the provisions of applicable laws and regulations including exchange control norms laid down by RBI and import trade regulations.

(iv) Import LCs will be opened by the Bank against valid import licences, wherever applicable.

(v) In respect of Usance LCs, the goods received under the unpaid LCs will be excluded from the value of stocks for arriving at Drawing Power for availing fund based financial assistance.

(vi) In case of high value LCs, the Borrower shall, if so required by the Bank, furnish projected cash flow statements; In addition, the Bank shall be entitled to also call for opinion reports from reputed information exchange bureaus like Dun and Bradstreet or from other banks / institutions in India or overseas at the costs and expenses of the Borrower.

(vii) The Bank shall issue LCs only in a form acceptable to the Bank.

(viii) The Borrower shall make adequate arrangement for retiring the Documents under the LC Facilities and does not contemplate to seek any financial assistance from the Bank for such purpose, unless otherwise

previously arranged with the Bank.

(ix) The Borrower shall have furnished to the Bank at the time of submitting the Documentary Credit Application, the following, duly completed : a) Order together with the order confirmation of Supplier, or b) Proforma invoice of Supplier duly countersigned by the Borrower; or c) Indent / offer from Supplier or his authorised agent together with the exchange control copy of the relative Import licence; or d) Any other documents as may be specified by the Bank from time to time.

(x) The Borrower shall submit to the Bank the exchange control copy of the relative Customs Bills of Entry within the time limit stipulated by RBI.

(xi) In the event the Borrower requests the Bank to issue delivery order ("DO") pending receipt of Documents to enable the Borrower to clear the goods covered under the LCs, the Borrower shall :

(a) accept and retire the Documents irrespective of any discrepancy on receipt or on due date without any demur whatsoever;

(b) indemnify and keep the Bank indemnified against any liability, loss, damages, costs and expenses (including costs between attorney and client) awarded against or incurred or paid by the Bank as a result of or in connection with the Bank issuing DO and / or the Borrower refusing to accept any discrepancy in the Documents on receipt or on due date.

(xii) In the event agency commission is payable in India or abroad, the Borrower shall deduct the same and request the Bank to open the LCs for the net amount of the contract value. If the invoice(s) presented for negotiation by the foreign Suppliers indicate agency commission amount(s) payable to the local agents of such Suppliers, the Borrower shall promptly effect the payment of such commission in equivalent rupees out of its own resources and submit to the Bank the receipt(s) from the local agents of such Suppliers.

(xiii)(a) the Documentary Credit Application shall be deemed to have been accepted when advice thereof has been sent to the beneficiary through SWIFT / tested telex / airmail;

(b) the date of receipt of Documents by the Bank under the LC Facilities as registered in the records of the Bank shall be conclusive and binding on the Borrower;

(c) the import of Goods is / are not in contravention of Trade Policy / Exim Policy guidelines and / or any other laws, policy and guidelines prescribed by the Government of India from time to time;

(d) it has a valid Import Export code number assigned by the Director General of Foreign Trade;

(e) it is authorised to undertake imports of the Goods, wherever applicable;

(f) the transaction covered under the LC Facilities does not involve and is not designed for the purpose of any contravention or evasion of the provisions of Foreign Exchange Management Act, 1999 or of any

rule, regulations, notifications direction or order made thereunder or of any other law, rule, regulation or direction;

(xiii) the LCs may be amended and / or modified by the Bank in its absolute discretion, including for an increased limit on the Borrower giving the Bank written instruction for the same and in such an event, such amendment / modification will be deemed to form part of the relevant Documentary Credit Application and will be governed by the terms hereof and the Borrower agrees, covenants, records and confirms that it shall be bound by the same as if such amendment / modification including the increased limit had originally constituted the term of the LCs;

(xiv) the LC Facilities shall be utilised only for the purpose as has been disclosed to the Bank in Documentary Credit Application, unless otherwise previously permitted by the Bank in writing;

(xv) the Bank shall be entitled, at its sole discretion and without any reference to and / or consent of the Borrower, to make payment of the Bills under the LCs on presentment thereof or on the due date thereof;

(xvi) notwithstanding the possibility, existence, pendency or continuance of any dispute or differences or of any arbitration proceedings or of any suit or other legal proceedings whatsoever between the Borrower and the beneficiary or beneficiaries of the LCs and / or between the Borrower(s) inter-se which may directly or indirectly arise out of or under or in connection with the subject matter(s) of the LCs or which may affect the legality or validity of the LCs and / or any transaction(s) directly or indirectly connected with or relating to or arising out of subject matter(s) of the LCs, the reasonableness or propriety or validity of any such payment shall be conclusive and binding on the Borrower so far as concerns the Borrower's liability to the Bank under the Facility Agreement.

(xvii) In respect of goods or documents of title to goods in favour of the Bank / held by the Bank released by the Bank in its sole discretion at the request of the Borrower, the Borrower agrees, confirms and undertakes that :

(a) the Borrower shall receive hold and store the underlying goods and / or documents and / or any other goods / documents delivered by the Borrower to the Bank as trust agents for the Bank until sale and as such trust agents, sell the goods (if so required by the Bank at such price as the Bank may approve) and upon sale and as long as any monies remain due the Bank, hold the sale proceeds on trust for the Bank and immediately upon receipt thereof, pay the said proceeds to the Bank without any deduction and at the same time advise the Bank of the account and the transaction in respect of which such payment is made;

(b) the Bank shall have full authority to demand and receive from any person(s) the purchase money of such goods or any part thereof;

(c) the Borrower shall at its own cost insure and keep

the aforesaid goods insured to their full value against such risks and with such insurers acceptable to the Bank, and hold the policies on behalf of the Bank and in the name of the Bank, and if required assign, and deliver the policies to the Bank and ensure payment to the Bank of all sums payable by the insurers under or in respect of such policies;

(d) the Borrower shall store / keep the aforesaid goods separate and shall not raise any finance against the same without the approval of the Bank and the aforesaid goods shall be excluded from the value of stocks for arriving at Drawing Power for availing fund based financial assistance;

(e) the Bank, its officers, servants and agents shall be at liberty at all times without notice to the Borrower, to inspect the aforesaid goods and retake possession or demand redelivery thereof to the Bank (which the Borrower undertakes to give on demand) and remove and sell the same in such manner and upon such terms and conditions as to price and otherwise as the Bank may in its absolute discretion think fit and otherwise to take whatever steps the Bank consider expedient for the protection of their interest therein and enforcement and realization of security;

(f) the aforesaid goods shall be a security to the Bank for the payment of all monies payable to the Bank from the Borrower under the LC Facilities and all monies in respect thereof under the Transaction Documents;

(g) the aforesaid goods shall in all respects be treated by the Borrower in the books of the Borrower as belonging to and held on behalf of the Bank.

(xviii) The Borrower hereby indemnifies the Bank :

(a) against all losses, costs, damages, expenses whatsoever that the Bank may incur or sustain by reason of the Borrower's act, default or omission or of the Borrower's servants or employees or other person acting on behalf of the Borrower in respect of goods, movables and other assets pledged to the Bank and released to the Borrower on trust;

(b) against all losses, costs, damages, expenses or consequences whatsoever that the Bank may incur or sustain as a result of the Bank complying with the Borrower's instructions to deliver to the Borrower or to the Borrower's clearing agents the documents covering the goods, movables and other assets; whether or not the said documents are in order; notwithstanding any discrepancy between the price / value, quantity and quality of the goods, movables and other assets covered by the documents and price, quantity and quality specified in the contract; and

(c) against all consequences, losses and damages that may arise as a result of the Bank's complying with the Borrower's request to effect advance payments from time to time to the suppliers, whether or not the suppliers consign the goods, movables and other assets, whether or not the documents in respect thereof are received by the Bank; and notwithstanding any discrepancy between the quantity or quality of the

goods, movables and other assets received from the suppliers and the contracted quantity and quality.

(xix) if for any reason whatsoever the liability of the Bank extends beyond the validity period specified in the LCs or if the Bank is prevented by any action initiated by the Borrower or otherwise from making payment of part or whole of the amounts under the LCs, the Borrower shall be liable to pay commission also for the period for which the Bank remains liable under the LCs and / or the period for which the payment of the amounts under the LCs / discharge from the obligations under the LCs has been delayed;

(xx) the Borrower shall provide / deposit immediately on demand and without demur, additional acceptable security to the Bank and / or sufficient amounts by way of 100% cash margin on the amounts of the LCs in respect of which the Bank is restrained from making payment.

4. NO LIABILITY

The Borrower agrees that the transmission of all instructions and communications under the LCs and the shipping of Documents and the Goods thereunder is entirely at the Borrower's risk. The Bank or its correspondents or agents or confirming banks shall not be responsible for any error or delay in such transmission or loss or delay in delivery of the Documents or the Goods.

5. INDEMNITY

The Borrower hereby agrees to :

(i) pay to the Bank on demand, all costs (including legal and litigation costs and expenses on full indemnity basis) customs duty, penalty, demurrage, storage charges, clearing and forwarding charges and all other charges and expenses which the Bank may be put to or suffer or incur in connection with the Goods and / or the documents of title to Goods covered by the LCs including for re-shipment thereof for any reason whatsoever, or in the exercise or enforcement of any right or power hereby conferred or otherwise howsoever.

(ii) indemnify and keep fully indemnified and save the Bank against :

(a) any claim, loss or damage, costs, charges and expenses including litigation expenses whatsoever which may be brought or made against or sustained or incurred by the Bank (and whether paid by the Bank or not) or which the Bank may become liable under or in respect of the LCs;

(b) action or proceedings made or brought against the Bank, its correspondents or confirming banks or agents;

(c) any liability or loss incurred or suffered by it, its correspondents or confirming banks or agents by reason of it having established the LCs;

(d) every payment made, obligation, liability, loss and damage, penalties, taxes, etc. whatsoever undertaken or incurred or suffered by the Bank (whether directly or indirectly) under or in connection with and / or arising from all or any or some of such LCs;

(e) against any liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by the Bank as a result of or in connection with the Bank making payment to the Suppliers, under the LCs, without deducting tax in India whether or not such payment attracts withholding tax in India or requires due certification by a qualified accountant.

6. SALE OF GOODS

(i) On the happening of any of the Events of Default, the Bank shall be entitled without prejudice to any of its other rights contained in the Facility Agreement or under the law and without notice to the Borrower (which the Borrower hereby expressly waives), to sell the Goods whether before or after their arrival either by public auction or tender or by private contract and subject to such conditions as the Bank may deem fit to impose, or otherwise dispose of or deal with the Goods or any part thereof and / or with the relative documents of title to the Goods in any manner whatsoever, without being bound to exercise any of these powers or liable for any loss in the exercise or non-exercise thereof. The proceeds realised from sale of the Goods or transfer or any document of title, remaining after deducting therefrom the costs and expense of and incidental to such sale or transfer, shall be applied in or towards payment or satisfaction of the amount(s) due to the Bank in respect of any payment made by the Bank under the LC Facilities for the account of the Borrower, and interest thereon and all costs charges and expenses as hereinabove mentioned. The Borrower shall accept the Bank's account of sale or realisation as conclusive evidence both in and out of court as to the amount(s) realised and expenses incurred, and shall pay forthwith any shortfall or deficiency remaining after such application. The Bank shall not be liable to the Borrower for any loss which may occur pending sale or disposal of the Goods and / or document of title of goods, whether by reason of theft, damage, deterioration or decay of the Goods or depreciation in the value thereof or otherwise whatsoever be the cause.

(b) The Borrower agrees and undertakes to sign, execute and deliver to the Bank from time to time on demand made by the Bank, such further or other deeds, documents and writings and do all such acts, matters and things as may be required by the Bank for better perfecting the title of the Bank to the Goods so as to render the same readily saleable or transferable by the Bank to any purchaser(s) at all time.

7. DEFINITIONS

(i) In this Part, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz. :

“Amounts Devolved” means the sum of the payments due from the Borrower under all the LCs for which the Documents have been presented to and paid by the Bank but reimbursement thereof has not yet been made by the Borrower to the Bank.

“Applicable Rate of Exchange” means -

a) in case a forward exchange contract / swap has not been booked by the Borrower with the Bank, the applicable foreign currency bill selling rate of the Bank prevailing on the Date of Crystallization. Provided however, that if the relevant rate of exchange is not quoted or not available for any reason on such days, then the rate prevailing on the immediately next Business Day when such rate shall be quoted or be available shall be the Applicable Rate of Exchange;

b) the forward exchange contract / swap rate in case a forward exchange contract / swap has been booked by the Borrower with the Bank.

“Bills” means, as the context may permit or require, any or each of the bills of exchange drawn under the LCs.

“Date of Crystallisation” means the 10th day after the date of receipt of Documents by the Bank under the LCs in the case of a Sight LCs, or the date of maturity in the case of a Usance LC or as per applicable rules from time to time.

“Defaulted Amounts” shall have the meaning ascribed to it in Section 2 of this Part, and, as the context may permit or require, shall mean any or all of such Defaulted Amounts.

“Documents” means the documents as specified under the LCs (including all bills) and drawn up in accordance with the terms of the LCs opened under the LC Facilities and / or the documents as specified under / or in connection with co-accepted bills.

“Documentary Credit Application” means, as the context may permit or require, any or each of the Borrower's application(s) to the Bank for opening LCs and all supporting documents furnished by the Borrower in respect thereof to the Bank.

“Goods” means the relevant goods described in the Documentary Credit Application.

“LC Outstanding” means the sum of the value of all the LCs opened by the Bank on behalf of the Borrower for which the Documents have not been presented to the Bank as well as the LCs where documents are received but are not due for payment / outstanding for payment.

“Letters of Credit” or “LCs” means, as the context may permit or require, any or each of :

- (a) Usance LCs and / or Sight LCs, both inland and foreign,
- (b) Usance LCs and / or Sight LCs, only foreign,
- (c) Usance LCs and / or Sight LCs, only inland,

Issued / opened by the Bank as per the Documentary Credit Application to the Bank for opening LCs and all supporting documents furnished by the Borrower in respect thereof to the Bank.

“Sight LCs” means the LCs which provides for payment by the Bank to the negotiating bank on presentation of relevant Documents drawn under the LCs.

“Suppliers” means the suppliers of Goods as per the terms of the LCs.

“SWIFT” means Society for World Wide International Financial Telecommunications, which expression shall include its successors and assigns.

“Usance LCs” means the LCs which provides for payment by the Bank on maturity as per the terms of the LCs.

(ii) All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

PART B (BANK GUARANTEE [BG] / STAND BY LETTER OF CREDIT [SBLC])

1. BG / SBLC FACILITIES

The Bank has, at the request of the Borrower, agreed to grant to the Borrower working capital facilities by way of issue of bank guarantees / standby letter(s) of credit (the “BGs”, which expression shall, as the context may permit or require, mean any or each of such BGs and all renewals made thereto from time to time) in favour of entities / persons acceptable to the Bank guaranteeing / undertaking payment obligations / obligations to make payment upto the guaranteed amount in case of shortfall in performance / non-performance in terms of various contracts / agreements entered into between the Borrower and the respective beneficiaries, upto the maximum extent of the amounts of respective Limits specified in the Facility Agreement (the “BG Facilities”). Provided, however, the total of amounts outstanding under the BG Facilities shall not at any point of time exceed the amount of the respective Limits.

2. DEFINITIONS

All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

3. PAYMENT AND INTEREST

(i) If the Bank is called upon to pay, or pays, all or any of the monies in pursuance of the BGs, the Borrower shall, without questioning the reasonableness or validity or otherwise of any payment made or required to be made by the Bank under the BGs, forthwith pay to the Bank, all amounts

payable or as the case may be, paid by the Bank, including without limitation, all costs, charges and expenses whatsoever payable or paid, suffered or incurred by the Bank in respect of or in relation to or arising out of the obligations undertaken under the BGs (collectively, the “Defaulted Amounts -- BGs”) and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank, be deemed to be on demand loans to the Borrower carrying interest at the rate specified in the CAL. The Bank shall be entitled, at its sole discretion, without any further consent from the Borrower, to debit any of the Account at the branch specified in the Schedule of the Facility Agreement and / or any of the other branches of the Bank, with the amount of any payments the Bank is required to make / makes under or in respect of the BGs, as also all interest, commission, charges and other monies payable by the Borrower in respect of the BGs.

(ii) All payments made by the Bank in foreign currencies may be, at the option of the Bank, converted into rupees with reference to the actual cost to the Bank (including all commission or other bank charges and out-of-pocket expenses) in remitting the foreign currencies.

4. ADDITIONAL PROVISIONS

The Borrower further agrees, confirms and undertakes as follows :

(i) the Borrower shall indemnify the Bank and keep the Bank indemnified against all actions, proceedings, claims, demands, duties, penalties, taxes, losses, damages, actions, costs, charges and expenses (including costs between attorney and client) and other liabilities whatsoever which may be brought or made against or sustained or incurred by the Bank (and whether paid by the Bank or not) or which the Bank may become liable under or in respect of the BGs;

(ii) the Bank may in its sole and absolute discretion and without reference to the Borrower and without the Bank being required to ascertain whether or not there was any breach on the part of the Borrower of the agreements / contracts underlying the BGs and without the Bank being required to go into the validity thereof or otherwise and notwithstanding any directions to the contrary given by the Borrower or any other person on the ground of a dispute as to the liability of the Borrower / the Bank or otherwise, admit or compromise and pay or submit to arbitration or dispute or resist any claim or demand made against the Bank under or in respect of such BGs, and the indemnities of the Borrower contained in the Facility Agreement shall continue to be available to the Bank in respect of any action or payment which the Bank may take or make;

(iii) the Borrower shall (unless otherwise agreed to by the Bank):

(a) duly and punctually observe, perform and comply with all the covenants, obligations and conditions of

all the agreements / contracts underlying the BGs including due payment and discharge of all its payment obligations under such contracts / agreements on the due dates;

(b) not create or permit to subsist, any encumbrance of any nature whatsoever over all or any part of the underlying agreements / contracts or its rights thereunder;

(c) not amend or agree to amend or grant waiver of any of the provisions of the underlying agreements / contracts;

(d) the BGs will be issued by the Bank only as per the provisions of applicable laws and regulations including those laid down by RBI;

(e) the Bank shall issue BGs only in a format acceptable to the Bank;

(f) in case of bid bond / earnest money deposits / advance payment / retention money BGs, stipulated under project exports or if the BGs are issued under any Export Promotion Capital Goods Scheme (EPCGS), the Bank shall be entitled to obtain counter guarantees from Export Credit Guarantee Corporation ("ECGC") or similar authority, at the costs and expenses of the Borrower;

(g) if for any reason whatsoever the liability of the Bank extends beyond the validity period specified in the BGs or if the Bank is prevented by any action initiated by the Borrower or otherwise from making payment of part or whole of the guaranteed amounts to the beneficiary of the BGs, the Borrower shall be liable to pay commission also for the period for which the Bank remains liable under the BGs and / or the period for which the payment of the guaranteed amount / discharge from the guaranteed obligations has been delayed;

(h) the Borrower shall provide / deposit immediately on demand and without demur, additional acceptable security to the Bank and / or sufficient amounts by way of 100% cash margin on the outstanding amounts of the BGs, which in the Bank's opinion are likely to be invoked due to non / inadequate fulfillment of obligation, in particular of performance undertaken under the BGs. The Borrower shall accept the Bank's judgement on the likelihood of guarantee obligation being unfulfilled, as final and binding;

(i) in the event of the interest rate on the principal amount of the financial assistances guaranteed by the Bank increasing for any reason whatsoever beyond the percentage specified in the underlying agreements / contracts and consequentially the liability and obligation of the Bank under the BGs increasing, the Borrower shall indemnify and keep indemnified the Bank to the extent of additional interest liability paid in such form as may be determined by the Bank.

PART C (BILLS FACILITIES)

1. FACILITIES IN THE NATURE OF PURCHASE /

DISCOUNTING / NEGOTIATION OF BILLS

The Bank has, at the request of the Borrower, agreed to grant to the Borrower facilities (the "Bills Facilities") by way of discounting / purchasing / negotiation, from time to time, of cheques / bills of exchange / hundies, sight drafts and or other negotiable instruments, whether inland and / or foreign and whether clean, documentary, usance and / or demand (all of which are hereinafter referred to as the "Bills", which expression shall, as the context may permit or require, mean any or each of such Bills), with or without documents of title such as railway receipts, bills of lading, airway bills, motor transport receipts / lorry receipts, multimodal transport receipts, combined transport documents or any other documents of title (all of which are hereinafter referred to as the "Documents of Title", which expression shall, as the context may permit or require, mean any or each of such Documents of Title) upto the Limits specified in the CAL at any one time. All amounts paid by the Bank under the Bills Facilities shall be treated as advances made to the Borrower by the Bank and may be debited to a specific account with the Bank in the name of the Borrower.

2. DEFINITIONS

All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

3. PURCHASE / DISCOUNTING / NEGOTIATION OF BILLS

(i) The Borrower hereby declares that the Bills shall not be drawn on any of the Borrower's branches nor on any firm or other person in which the Borrower has any proprietary, partnership or other interest and that if on any occasion(s) that the Bank, at its sole discretion, accepts such Bills for purchasing / discounting / negotiation, the same shall not be deemed as the Bank having agreed to accept thereafter other Bills of such nature.

(ii) It shall be the sole discretion of the Bank whether or not to purchase / negotiate / discount any Bill which may be lodged by the Borrower with the Bank even though the respective Limits granted to the Borrower being available, nor shall it be obligatory on the Bank to assign any reason for its refusal to purchase / discount / negotiate a particular Bill.

(iii) The Borrower undertakes that all Bills and documents tendered / submitted by the Borrower to the Bank shall represent genuine sales transactions covering movement of goods represented by the Documents of Title accompanying such Bills and that the amounts of such Bills shall truly represent the value of the goods so transported / shipped and that every such Bill tendered by the Borrower to the Bank shall be in respect of execution of definite orders received by the Borrower. Even where the Bank at its

discretion waives the submission of such documents of evidence of transport of goods sold, the Borrower confirms that the Bills represent genuine sale of goods.

(iv) The Bank shall not be responsible for any damage caused to goods, movables and other assets in course of transit covered by the Bills accepted by the Bank as security or for loss of the goods, movables and other assets or for delayed delivery, short delivery or wrong delivery of goods, movables and other assets, or for delayed or non-presentation or wrong presentation of the Bills to paying authorities or drawees for any reason whatsoever, and in case, the Bills are sent for collection to other bank(s) or drawee(s) / customer(s), the Bank shall not be responsible for the non-receipt by it of the remittance representing the proceeds of the Bills and the relative Bills will be collected entirely at the Borrower's risk and responsibility. The Borrower shall bear the costs, charges and expenses incurred by the collecting bank or bankers in this behalf and shall pay the Bank such costs, charges and expenses.

(v) The liability of the Borrower to the Bank under the Transaction Documents shall be independent of the liability of the drawee or acceptor of the Bills and the Bank's rights against the Borrower shall not be prejudiced or affected by inaction on the part of the Bank in initiating proceeding for recovery of the monies from the drawee / acceptor endorser thereof nor due to failure of the foreign correspondent banks or agents appointed by the Bank in prompt presentment or in noting and protesting the Bills on dishonour thereof or any act which may prejudice the Borrower's rights against the drawee or acceptor endorser nor shall the Bank be obliged to give any notice of dishonour by the drawee / acceptor to the Borrower, which notice is hereby expressly waived by the Borrower.

(vi)(a) In the case of foreign Bills, such Bills shall be purchased / negotiated / discounted at such Bills buying rate quoted by the Bank at the time of purchase / negotiation / discounting and interest on the rupee portion thereof for the usance period, if any, as well as the transit period and grace period for maturity wherever applicable as may be prescribed by competent authority or the Bank and shall be recoverable by the Bank from the Borrower simultaneously while paying the amount of such Bills. If the Bills are for any reason not realized on or before the notional due date, calculated on the basis of usance and transit period as aforesaid then the recovery of the amount of such Bills from the Borrower shall be kept pending for a further grace period of 30 days from the notional due date. If the Bills are realized within the aforesaid grace period of 30 days interest at the current maximum interest rates permitted by FEDAI / RBI for the overdue period shall be recovered from and paid by the Borrower.

(b) If for any reason the foreign Bills are not realized on or before the expiry of the grace period of 30 days

mentioned above, then the purchase transaction of such Bills shall be treated as cancelled vis-à-vis the Borrower without affecting the Bank's rights as holders in due course of the Bills against the drawees and drawer and the rupee value of such Bills on the 30th day of the grace period at the prevailing TT selling rate shall be calculated and recovered from the Borrower with interest at the rates mentioned in Section 3(vi)(a) of this Part. The difference, if any, between the earlier amount on the date of purchase / negotiation and as calculated above shall be added or deducted as the case may be while recovering the amount from the Borrower.

(c) All amounts due from the Borrower to the Bank at the end of the grace period of 30 days shall be treated as an advance by the Bank repayable by the Borrower on demand together with interest at the rates mentioned in Section 3(vi)(a) of this Part and interest in arrears shall be capitalized at the due date for payment thereof and shall carry like interest.

(d) Where any foreign Bills drawn under a letter of credit LC are negotiated by the Bank at the request of the Borrower it is agreed that in case of discrepancies pointed out at the time of negotiation or discrepancies of whatsoever nature claimed by the LC issuing bank all payments made by the Bank to the Borrower shall be treated as payment made under reserve and the Bank shall be entitled to reserve the entries and claim payment from the Borrower of all such sums paid together with interest if such Bills are returned / dishonoured unpaid from the LC issuing bank and the Borrower agrees to pay all such sums to the Bank forthwith on demand together with interest at the rate mentioned in the CAL for the Bills Facilities. On default of payment by the Borrower, such sums shall be treated as an advance to the Borrower.

(vii)(a) The Bank may, at its option but at the cost, risk and responsibility of the Borrower, appoint an agent (including agent / bank) for collection.

(b) The Bank or the agent may, at its or agent's option but at the cost, risk and responsibility of the Borrower

- (1) send for collection by post or otherwise to another agent or to the drawee thereof any Bills with or without documents of title and such other agent or the drawee shall be deemed to be the agent for collection at the entire risk and responsibility in all respects of the Borrower;

- (2) receive in exchange for Bills or other mandates for payment in lieu of cash.

(c) The receipt by the Bank or its agents of the Bills or other mandates for payment as above and the loss / delay mutilation or dishonour thereof and / or other securities of any description, is not to prejudice the Bank's rights against the Borrower on any Bills returned unpaid by reason of non acceptance or non payment as the case may be nor shall any proceeding taken thereon or the Bank's granting time or entering into any arrangements with any parties to such Bills prejudice or affect the Bank's absolute recourse to the

Borrower under the arrangement and the Borrower hereby consents to the Bank so granting time or entering into such arrangement.

(d) Should the Bank or the agent receive in exchange for such Bills payment by another instrument which the Bank or the agent cannot conveniently collect through normal channels, it is clearly understood that such instruments may be collected in any manner and through any agency including despatch to the drawee himself at the entire risk and responsibility of the Borrower.

(e) The Borrower hereby agree that as between them and the Bank, the Bills shall be deemed to be paid, realized or collected only on the amount thereof coming into the Bank's till in any office of the Bank and until then the same and any money, cheques, bank drafts or mandates for payment received in respect thereof shall be at the risk in all respects of the Borrower and that the liability of the Borrower in respect of any Bills will cease only on the amount thereof coming into the Bank's till in any office of the Bank.

(f) The Borrower also agrees that the Bank is entitled to treat every Documents of Title handed in by the Borrower as genuine without any further inquiry and the Borrower agree to indemnify and keep the Bank indemnified against any loss caused to the Bank by reason of the Documents of Title subsequently turning out to be forged and not genuine and also against any loss caused to the Bank by the misdelivery or wrong delivery by the railway, port, airways and postal authorities of the securities, documents and goods comprised in the Documents of Title for any reason whatsoever.

(g) The Borrower hereby agrees that the delivery of the Documents of Title to goods by the Bank to the drawees or acceptors shall not prejudice the rights of the Bank on any of such Bills in case of dishonour nor shall any recourse taken thereon affect the Bank's title to such Documents of Title to goods to the extent of the Borrower's liability to the Bank hereunder and that notwithstanding any change by death, retirement, insolvency, dissolution or bankruptcy of the Borrower and the powers and authorities hereby given are to hold good as against the Borrower till all the amounts due under the Transaction Documents are repaid / paid in full. It is also agreed that the Bank shall not be responsible for the default of any agent, broker or auctioneer employed by it for any purpose.

(h) (1) In cases where the goods are already despatched by the Borrower and the railway receipts, shipping documents or motor receipts have been forwarded directly to the concerned drawees / consignees and where the Bank, in its sole discretion, agrees to extend the Bills Facilities for such Bills, the Borrower shall deposit with the Bank copies of the relevant documents along with the bills signed by the Borrower and invoices evidencing despatch of goods to the parties mentioned therein;

(2) The Borrower shall furnish to the Bank, in advance, a list of local parties on whom the Borrower intends to draw usance bills for prior approval of the Bank; such bills shall be accompanied by copies of invoices bearing acknowledgments of the purchasers in token of their having received the goods and shall be offered for discount only after acceptance of bills by the drawees and the bills will not be collected by the Borrower through other banks.

4. CERTAIN ADDITIONAL PROVISIONS RELATING TO BILLS DRAWN BY THE BORROWER

In respect of advances granted by the Bank to the Borrower by way of purchase / negotiation / discounting of clean / documentary / demand / usance Bills drawn by the Borrower on its various customers and expressed in foreign currency or Indian rupees and whether under letter(s) of credit or otherwise, the Borrower agrees, confirms and undertakes as follows:

(i) The Bills shall bear necessary adequate stamp duty before purchase / negotiation / discounting and shall be drawn by the Borrower in conformity with the proforma prescribed under the relevant scheme / regulations of RBI or any other scheme / regulation in operation from time to time, indicating on the face thereon the description and quantity of goods sold and the number and date of the carrier's receipt.

(ii) The Bills pertaining to supplies shall be drawn up in a proforma acceptable to the Bank, and where such Bills are accepted by the Bank for purchase / negotiation / discounting, the same shall be accompanied by either railway receipts, bills of lading or other documents of title.

(iii) In case of demand / usance documentary Bills, the documents will be delivered to the drawees only after the Bills are paid / accepted; The Bank shall, in its sole discretion, be entitled to accept payment of Bills before maturity from, the drawees thereof by allowing such discount / deduction in consideration of such premature payment. The Borrower shall ensure that such Bills are accepted by the drawees on presentation and retired on due dates; In the event of the Bills remaining unaccepted on presentation or unpaid on due dates thereof, the Bank shall be entitled to recover the amount of such Bills along with default interest at the rate specified in the CAL and other incidental charges by debit to the Borrower's Account or otherwise.

(iv) The Bank shall be at liberty not to accept cheques drawn on local banks from the drawees in payment of Bills drawn on them, unless such cheques are tendered at the Bank before clearing hours on due dates. In the event of cheques being received late after clearing hours on due dates, the Bank may treat such Bills as unpaid and may debit the amounts thereof to the Borrower's Account on due dates.

(v) Where at the request of the Borrower, the Bank has

agreed to purchase / negotiate / discount Bills in respect of sales made by the Borrower to its customers, whereby finished goods are directly sent to the customers at customers' requests and copies of the relative invoices with or without receipted challans or accepted delivery notes, receipt notes, inspection notes are tendered by the Borrower to the Bank as evidencing despatch of finished goods alongwith the accepted Bills and where under such circumstances or any other circumstances the Borrower receive(s) payment of the Bills directly from the drawees of such Bills, the Borrower shall immediately deposit the proceeds of the Bills and the sale proceeds of the goods covered by such Bills, directly received by the Borrower or the agent(s) of the Borrower, whether in cash or by cheques or by any other mode of payment, towards repayment / payment of all outstandings in respect of the advances granted by the Bank.

(vi) The Borrower shall indemnify the Bank and keep the Bank harmless and indemnified at all times against all losses, damages, actions, costs, charges or expenses which may be made against or sustained or incurred by the Bank and whether paid by the Bank or not as a result of or in consequence of the Bank having agreed to purchase / negotiate / discount the Bills as also as a result of or in consequence of the Bank through any of its offices or correspondents in India and elsewhere guaranteeing any irregularities or discrepancies that may be existing in the documents relating to the Bills in connection therewith.

(vii) The Bank shall have first and paramount lien on the Bills and the monies received thereunder and the goods in course of transit covered by the documents of title to goods or other documents which purport to represent rights of title to goods accompanying the Bills shall remain pledged to the Bank and in addition to its rights as a pledgee of such goods; in case of any dispute, the Bank shall also have the banker's lien on all Bills, goods, securities, documents and monies belonging or purporting to belong to the Borrower for all monies, claims and demands due or to become due from the Borrower to the Bank.

(viii)(a) On the happening of any of the Event of Default, the Bank shall be entitled without prejudice to any of its other rights contained in the Facility Agreement or under the law and without notice to the Borrower (which the Borrower hereby expressly waives), to sell the goods (the "Goods") underlying the Bills whether before or after their arrival either by public auction or tender or by private contract and subject to such conditions as the Bank may deem fit to impose, or otherwise dispose of or deal with the Goods or any part thereof and / or with the relative documents of title to Goods in any manner whatsoever, without being bound to exercise any of these powers or liable for any loss in the exercise or non-exercise thereof. The proceeds realised from sale of the Goods or transfer or any document of title, remaining after deducting therefrom the costs and

expense of and incidental to such sale or transfer, shall be applied in or towards payment or satisfaction of the amount(s) due to the Bank in respect of any amounts advanced by the Bank under the Bills Facilities to the Borrower, and interest thereon and all costs charges and expenses as hereinabove mentioned. The Borrower shall accept the Bank's account of sale or realisation as conclusive evidence both in and out of court as to the amount(s) realised and expenses incurred, and shall pay forthwith any shortfall or deficiency remaining after such application. the Bank shall not be liable to the Borrower for any loss which may occur pending sale or disposal of the Goods and / or document of title to goods, whether by reason of theft, damage, deterioration or decay of the Goods or depreciation in the value thereof or otherwise whatsoever be the cause;

(b) The Borrower agrees and undertakes to sign, execute and deliver to the Bank from time to time on demand made by the Bank, such further or other deeds, documents and writings and do all such acts, matters and things as may be required by the Bank for better perfecting the title of the Bank to the Goods and the documents of title so as to render the same readily saleable or transferable by the Bank to any purchaser(s) at all time.

(ix) In case the Bills are honoured for payment for a reduced amount, the Borrower authorises the Bank to accept such reduced payment and the Borrower shall make good the shortage or any loss arising therefrom and the Bank will not be responsible in any manner whatsoever.

(x) Where the drawees return unpaid the Bills to the Borrower directly, the Borrower shall immediately, on receipt thereof, return the Bills together with documents of title to the Bank and the Bank's receipt thereof shall be without prejudice to its right of recovery from the Borrower of the amounts covered by the Bills together with all interest (including default interest), costs, charges, expenses and monies whatsoever stipulated in or payable under the Transaction Documents.

(xi) Notwithstanding any of the provisions of the Indian Contract Act, 1872 or any other law in respect of advances against accepted usance Bill, where the Bills are drawn by the Borrower and accepted by the drawees, the Borrower agrees that the subsequent credit to the concerned Account under the Bills Facilities, unless specifically apportioned by the Borrower or the Bank to the discharge of particular Bill, will not discharge the debt represented by such Bills.

5. CERTAIN ADDITIONAL PROVISIONS RELATING TO BILLS DRAWN ON THE BORROWER

(i) At the request of the Borrower, the Bank has agreed in its sole and absolute discretion to discount of the usance Bills ("the Usance Bills") with usance

ordinarily not exceeding 90 days drawn on the Borrower by the suppliers (the "Suppliers") of goods and accepted by the Borrower for an amount, at any time, not exceeding the Limits under the Bills Facilities.

(ii) Whenever the Borrower requires the Bank to discount the Usance Bills, the Borrower shall lodge with the Bank such Usance Bills together with the original and / or copies of invoices and the receipted delivery challans evidencing the supply to the Borrower of the goods drawn by the Suppliers.

(iii) The Borrower hereby confirm(s) and declare(s) that the amounts represented by the Usance Bills drawn on the Borrower by the Suppliers will be due and owing by the Borrower to the Suppliers and that the goods represented by the invoices accompanying the Usance Bills will have been duly ordered and received by the Borrower and that the amounts of such Usance Bills will be paid by the Borrower to the Bank at maturity.

(iv) The Borrower declare(s) and confirm(s) that on the Bank discounting the Usance Bills, the Bank will have good title thereto and will be entitled to have the Bills rediscounted with RBI, Discount and Finance House of India Limited, any scheduled commercial bank(s) or any other approved financial institution or otherwise deal with the Usance Bills as the holder thereof.

(v) The Borrower further confirms that notwithstanding anything to the contrary contained in the Facility Agreement and / or any documents or letters written by the Borrower to the Suppliers or by the Suppliers to the Borrower, the Borrower shall be irrevocably, absolutely and unconditionally liable to pay to the Bank the amounts of the Usance Bills discounted with the Bank at the maturity of such Usance Bills and that the Borrower shall continue to be so liable notwithstanding any claim, right, dispute or litigation arising or which may arise between the Borrower and the Suppliers / drawers.

(vi) The Borrower agrees and confirms that on the acceptance of the Usance Bills by the Borrower and the same being discounted by the Bank, the proceeds thereof shall be paid by the Bank to the Suppliers by means of banker's cheque or by any other means as may be deemed fit by the Bank.

PART D (EXPORT PACKING CREDIT FACILITIES)

1. EXPORT PACKING CREDIT FACILITIES

The Bank has, at the request of the Borrower, agreed to grant working capital facilities in the nature of Export Packing Credit Facilities in foreign currencies and / or in rupees for amounts to the maximum extent of the respective Limits and the Overall Limits specified in the CAL (the "EPC Facilities", which expression shall, as the context may permit or require,

mean any or each of such EPC Facilities) from time to time.

The EPC Facilities may be on running account basis or on order basis by way of packing credit loans.

All amounts paid by the Bank against the EPC Facilities shall be treated as advances made to the Borrower by the Bank and may be debited to a specific account with the Bank in the name of the Borrower.

The amounts against the EPC Facilities may be disbursed by the Bank in a phased manner depending on the export needs of the Borrower.

2. DEFINITIONS

All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

3. BORROWER'S UNDERTAKINGS

(i) The Borrower shall keep a separate account and stock book in respect of the goods underlying the EPC Facilities and shall send statements every week of the purchases made and goods utilized for the purpose of manufacturing finished goods.

(ii) The amounts to be allowed to be outstanding by the Bank from time to time on relevant Account in respect of the EPC Facilities shall not at any time exceed the respective Limits but the Bank shall have an absolute discretion to determine what amount within the respective Limits it will advance and / or allow to be outstanding from time to time in the relevant Account.

(iii) The Borrower shall procure cover from Export Credit Guarantee Corporation ("ECGC") for the EPC Facilities and / or take a packing credit whole turnover pre-shipment policy of ECGC for the EPC Facilities and shall pay the premia time to time for keeping the aforesaid policies alive and in case of default, the Bank may pay the same and debit the amount to any of the relevant Account in respect of the EPC Facilities.

(iv) The Borrower shall procure the valid shipping and other documents including insurance policies from ECGC for packing credit or such policies as may be required by the Bank jointly or severally in respect of the goods to be shipped to the foreign buyers and shall hand over the same to the Bank for negotiating and / or realizing the price from the bankers of or from the foreign buyers or in such other way as the agreement for sale provides for the payment of the price thereof. The Borrower shall take every care and caution to see that the said shipping and other documents of sale are drawn strictly in conformity with the letter(s) of credit and / or usual trade practices and shall get the same corrected and / or altered if found defective in any manner whatsoever. The Borrower shall keep the Bank indemnified against any loss or against non recovery of the price by reason of any defect in the said documents. In case of default by the Borrower to

procure the aforesaid documents, the Bank shall be entitled to procure the same and to insure the goods against marine, fire, export risks and such other risks as may be deemed necessary by the Bank as also represent the Borrower in the office(s) of the Export Controller, ECGC and such other authorities as may be necessary in that behalf.

(v) The Bank shall not be responsible if the price payable or receivable by or from the foreign buyers is reduced on account of the changes in the rate(s) of exchange and such loss if any shall be borne by the Borrower alone. The Borrower further undertakes to obtain forward cover for the foreign currency payments to be received by it under the aforesaid bills to cover exchange fluctuation risks.

(vi) The Borrower shall regulate its drawings out of and payments into each of the relevant Account in such manner that the amount due from time to time for principal on such Account shall be kept within the respective Limits.

PART E (LINE OF CREDIT – STLF)

SPECIFIC PROVISIONS FOR SHORT TERM FOREIGN CURRENCY (FC) LOAN FACILITIES AND SHORT TERM RUPEE LOAN FACILITIES

For Short Term Foreign Currency (FC) Loan Facilities
:

1. AMOUNT OF THE SHORT TERM FC LOAN FACILITIES

The Borrower agrees to borrow from the Bank and the Bank agrees to extend / grant to the Borrower from time to time the sums to the maximum extent in various foreign currencies set out below in this Section or their equivalents in other foreign currencies, equivalent in the aggregate to about the particular Limits specified in the CAL.

The amount of sums agreed to be extended / granted as mentioned above or so much thereof as may be outstanding from time to time is hereinafter referred to as the "Short Term FC Facilities". The Borrower shall make drawals of the Short Term FC Facilities only through the Account.

2. COMPUTATION OF INTEREST AND OTHER CHARGES

Notwithstanding anything to the contrary contained in the Facility Agreement and unless there is anything repugnant to the subject or context thereof, interest and all other charges shall accrue from day-to-day and shall be computed on the basis of a 360 day year and the actual number of days elapsed.

3. FORWARD CONTRACTS

The Borrower shall not without the prior approval of and subject to such terms and conditions as may be specified by the Bank in that regard, enter into forward contracts, swaps, options or other liability

management contracts in respect of the Short Term FC Facilities or in respect of payment of interest or other payments under the Facility Agreement. If the Bank agrees to the Borrower entering into any such contracts, etc. the same shall be carried out exclusively through the Bank only.

4. PROVISIONS RELATING TO ALTERATION IN THE CURRENCY / SHORT TERM FC FACILITIES / CURRENCY OR INTEREST SWAPS

The Bank may at any time, at its absolute discretion, substitute the original currency or its equivalent currency as the case may be of the Short Term FC Facilities or any part thereof, with a new foreign currency or its equivalent currency. In such an event, the liability of the Borrower in respect of the Short Term FC Facilities or such part thereof, as regards rate of interest, repayment of principal, date and mode of such payment / repayment shall be as applicable to such new currency or its equivalent currency as intimated by the Bank to the Borrower, which shall be final and binding on the Borrower.

The Bank may, at any time, at its absolute discretion, effect currency and / or interest rate swap for the Short Term FC Facilities or any part thereof provided / agreed to be provided under the Facility Agreement. In such an event, the liability of the Borrower in respect of the Short Term FC Facilities or such part thereof, as regards the currency or currencies of repayment, payment of principal, interest and all other monies payable under the Facility Agreement / rate of interest on principal of the Short Term FC Facilities or such part thereof, shall be as intimated by the Bank to the Borrower, which shall be final and binding on the Borrower.

5. PLACE AND MODE OF PAYMENTS AND CREDIT THEREFOR

Notwithstanding anything contrary contained in the Facility Agreement, but subject to Sub-clause (vii) below, the Borrower shall make payments to the Bank, whether of principal amount of the Short Term FC Facilities, interest, premium on prepayment, if any, in equivalent rupees in lieu of foreign currencies subject to the following conditions:

(i) The rupee sum shall be the rupee equivalent of the foreign currencies to be remitted on the Due Dates inclusive of all commissions or other bank charges and out of pocket expenses as determined by the Bank.

(ii) The rupee sum shall be paid by the Borrower to the Bank 10 Business Days in advance of the Due Dates to enable the Bank to remit the foreign currencies on the Due Dates.

(iii) The rupee sum shall be paid by the Borrower to the Bank in the relevant Account or if so required by the Bank at their office in Mumbai or to such other places as may be specified by them by telegraphic, telex or mail transfer to the account of such offices or by cheque / bank draft drawn in favour of the Bank on

a Scheduled Bank at Mumbai or such other places and shall be so paid as to enable the Bank to realise the amounts at par.

(iv) Credit for all payments by local cheque / bank draft will be given on the immediate next Business Day after the date of receipt of the instrument or the relative Due Date, whichever is later. Credit for all payments by outstation cheque / bank draft will be given only on realisation or on the relative Due Date, whichever is later.

(v) For the purpose of Sub-clause (a) above a statement signed by a designated officer of the Bank shall be sufficient evidence of the Rupee equivalent of the foreign currencies, costs, commission, charges and expenses.

(vi) Any difference on account of exchange fluctuations in the rates of foreign currencies involved between the payment made by the Borrower to the Bank and the actual amounts incurred by the Bank as referred to in Sub-clause (a) above shall be borne by or be given credit to the Borrower.

(vii) If the Bank decides not to call for payment in equivalent Rupees in the manner provided above, the Bank shall have the right to notify the Borrower the place or places where and the person or persons to whom the payments in foreign currencies falling due thereafter shall be made and all expenses involved in making payments in the manner so notified shall be borne by the Borrower.

6. RUPEE TYING OF DEFAULTED AMOUNTS

Without prejudice to any of the obligations of the Borrower in terms of the Facility Agreement, in the event of default by the Borrower in making payment in discharge of any of its obligations under the Facility Agreement on the Due Dates, then, notwithstanding anything to the contrary contained in the Facility Agreement, the liability of the Borrower thereafter in respect of such amounts may be converted to rupees, which sums shall be determined and notified by the Bank to the Borrower in accordance with the provisions of Sub-clause 1(A) (viii) (a) of this Part (the "rupee tied defaulted amounts").

Notwithstanding anything to the contrary contained in the Facility Agreement, the rupee tied defaulted amounts will, during the period of default, carry interest from the respective Due Dates at the rate specified in the CAL and shall be payable on the Due Dates for payment of interest under the Facility Agreement.

7. INCREASED COSTS

In the event of the Bank being called upon to pay any additional amount by a foreign lending agency in terms of their respective financing agreements or on account of factors beyond the control of the Bank, the

Borrower shall forthwith on receipt of a notice of demand from the Bank, reimburse all such amounts to the Bank.

For Short Term Rupee Facilities :

1. AMOUNT OF THE SHORT TERM RUPEE FACILITIES

The Borrower agrees to borrow from the Bank and the Bank agrees to extend / grant to the Borrower from sums to the maximum extent specified in the Limits specified in the CAL.

The amount of sums agreed to be lent as mentioned above or so much thereof as may be outstanding from time to time is hereinafter referred to as the "Short Term Rupee Facilities". The Borrower shall make drawals of the Short Term Rupee Facilities only through the relevant Account.

2. DEFINITION

The Short Term FC Facilities and the Short Term Rupee Facilities are hereinafter referred to as the "Short Term Loan Facilities", which expression shall mean any or each of them as the context may permit or require. All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

3. REVOLVING FACILITIES

It is hereby agreed between the parties that the Short Term Loan Facilities are in the nature of revolving finance. The total amount of drawals by the Borrower against the Short Term Loan Facilities shall not at any point of time exceed the respective Limits.

PART F (CO-ACCEPTANCE BILLS FACILITIES)

1. CO-ACCEPTANCE FACILITIES

The Bank has, at the request of the Borrower, agreed to co-accept Bills for amounts to the maximum extent of the respective Limits specified in the CAL (the "Co-acceptance Facilities", which expression shall, as the context may permit or require, mean any or each of such Co-acceptance Facilities) from time to time.

Provided that the sum total of Bills Outstanding under the Co-acceptance Facilities, shall not at any point of time exceed the amount of the relevant Limits.

All amounts paid by the Bank against the Co-acceptance Facilities will be treated as advances made to the Borrower by the Bank and shall be debited to the concerned Account. All such sums shall also be repayable on demand.

2. PAYMENT AND INTEREST

(i) The Borrower shall reimburse / pay to the Bank all amounts paid or liabilities incurred by the Bank under the Co-acceptance Facilities on behalf of the

Borrower, together with all interest, costs, charges and expenses due to the Bank in respect thereof under the Transaction Documents.

(ii) The Borrower shall make due payment / reimbursement to the Bank of the amount payable / paid by the Bank in respect of the Borrower's liability under any co-accepted Bill on or prior to the Date of Crystallization of such Bill.

(iii) If, on default by the Borrower in paying / reimbursing amounts paid / payable by the Bank in respect of the Borrower's liability under any co-accepted Bill on the Date of Crystallisation, the Bank is called upon / required to pay or has paid, all or any of the monies in pursuance of such co-accepted Bill, the Borrower shall forthwith pay to the Bank, all amounts payable or as the case may be, paid by the Bank under such co-accepted Bill together with all interest, costs, charges and expenses due to the Bank in respect thereof under the Transaction Documents.

(iv) Notwithstanding the above and without prejudice to the Bank's rights under the Facility Agreement, the Bank shall be at liberty to crystallise on the Date of Crystallisation, the Borrower's outstanding liability in respect of any co-accepted Bill (the "Defaulted Amounts – Co-Acceptance Facilities") and until such payment by the Borrower, the same shall unless otherwise agreed to by the Bank in writing be deemed to be an on demand loan to the Borrower and shall, without prejudice to any other rights and remedies available to the Bank, carry interest at the rate specified in the CAL.

3. ADDITIONAL PROVISIONS IN RELATION TO CO-ACCEPTANCE FACILITIES

(i) BORROWER'S UNDERTAKINGS

The Borrower further agrees, confirms and undertakes as follows:

(a) The Bank may in its sole, absolute and unqualified discretion and without reference to the Borrower and without the Bank being required to ascertain whether or not there was any breach on the part of the Borrower of the Documents and without the Bank being required to go into the validity or otherwise of the demand for payment made against the Bank and notwithstanding any directions to the contrary given by the Borrower or any other person on the ground of a dispute as to the liability of the Borrower or otherwise, admit or compromise and pay or submit to arbitration or dispute or resist any claim or demand made against the Bank under or in respect of such guarantees and indemnities and the counter-indemnity of the Borrower contained herein shall continue to be available to the Bank in respect of any action or repayment which the Bank may take or make.

(b) The Borrower shall duly and punctually observe, perform and comply with all the covenants, obligations and conditions of the Documents including

due payment and discharge of all its payment obligations under such contracts / agreements on the due dates.

(c) The Borrower shall not create or permit to subsist, any encumbrance of any nature whatsoever over all or any part of the Documents or its rights thereunder.

(d) The Borrower shall not amend or agree to amend or grant waiver of any of the provisions of the Documents.

(e) The Bills will be co-accepted by the Bank only as per the provisions of applicable laws including exchange control norms laid down by RBI and other applicable laws.

(f) In case of high value / machinery Bills, the Borrower shall, if so required by the Bank, furnish projected cash flow statements; In addition, the Bank shall be entitled to also call for opinion reports from reputed information exchange bureaus like Dun and Bradstreet or from other banks / institutions in India or overseas at the costs and expenses of the Borrower;

(g) The Borrower shall make adequate arrangement for retiring the Bills under the Co-acceptance Facilities and does not contemplate to seek any financial assistance from the Bank for such purpose.

(h) The Borrower shall have furnished to the Bank at the time of submitting the Co-acceptance Request Letter, the following, duly completed:

(1) Order together with the order confirmation of Supplier, or

(2) Proforma Invoice of Supplier duly countersigned by the Borrower; or

(3) Indent / Offer from Supplier or his authorised agent together with the exchange control copy of the relative Import licence.

(4) The Borrower shall submit to the Bank the exchange control copy of the relative Customs Bills of Entry within the time limit stipulated by RBI.

(ii) CONFIRMATION BY BORROWER

The Borrower further agrees, confirms and declares that:

(a) the Co-acceptance Request Letter shall be deemed to have been accepted when advice thereof has been sent to the beneficiary through SWIFT / tested telex / airmail;

(b) the date of receipt of Documents by the Bank under the Co-acceptance Facilities as registered in the records of the Bank shall be conclusive and binding on the Borrower;

(c) the import of Goods is / are not in contravention of Trade Policy / Exim Policy guidelines and / or any other laws, policy and guidelines prescribed by the Government of India from time to time;

(d) it has a valid Import Export code number assigned by the Director General of Foreign Trade and is authorised to undertake imports of the Goods;

(e) the Bank shall be entitled, at its sole discretion and without any reference to and / or consent of the Borrower, to make payment of all or any part of the

sum or sums under or by virtue of the co-accepted Bills on a request or demand being made on the Bank for this purpose thereunder. Any request or demand made to or upon the Bank by the beneficiary or beneficiaries of co-accepted Bills for payment(s) of any sum or sums of money shall be sufficient authority from the Borrower to the Bank for making such payment(s);

(f) notwithstanding the possibility, existence, pendency or continuance of any dispute or differences or of any arbitration proceedings or of any suit or other legal proceedings whatsoever between the Borrower and the beneficiary or beneficiaries of co-accepted Bills and / or between the Borrower(s) inter-se which may directly or indirectly arise out of or under or in connection with the subject matter(s) of the Documents / Co-acceptance Request Letter or which may affect the legality or validity of the co-accepted Bills and / or any transaction(s) directly or indirectly connected with or relating to or arising out of subject matter(s) of the Co-acceptance Facilities, the reasonableness or propriety or validity of any such payment shall be conclusive and binding on the Borrower so far as concerns the Borrower's liability to the Bank under the Facility Agreement;

(g) the Bank shall be entitled, without any further consent from the Borrower, to debit any of the Account at the branch specified in the Schedule to the Facility Agreement and / or any of the other branches of the Bank, with the amount of any payments you may make under or in respect of the co-accepted Bills.

(iii) NO LIABILITY

The Borrower agrees that the transmission of all instructions and communications with the Supplier and the shipping of documents and the Goods thereunder is entirely at its risk. The Bank or its correspondents or agents shall not be responsible for any error or delay in such transmission or loss or delay in delivery of the documents or the Goods.

(iv) INDEMNITY

The Borrower hereby agrees to :

(a) pay to the Bank on demand, all costs (including legal and litigation costs and expenses on full indemnity basis) customs duty, penalty, demurrage, storage charges, clearing and forwarding charges and all other charges and expenses which the Bank may be put to or suffer or incur in connection with the Goods and / or the documents of title to the Goods covered by the co-accepted Bill including for re-shipment thereof for any reason whatsoever, or in the exercise or enforcement of any right or power hereby conferred or otherwise howsoever.

(b) indemnify and keep fully indemnified and save the Bank against :

(1) any claim, loss or damage, costs, charges and expenses including litigation expenses whatsoever which may be brought or made against or sustained or

incurred by the Bank (and whether paid by the Bank or not) or which the Bank may become liable under or in respect of the co-accepted Bills;

(2) action or proceedings made or brought against the Bank, its correspondents or agents;

(3) any liability or loss incurred or suffered by it, its correspondents or agents by reason of it having co-accepted the Bills;

(4) every payment made, obligation, liability, loss and damage, penalties, taxes, etc. whatsoever undertaken or incurred or suffered by the Bank (whether directly or indirectly) under or in connection with and / or arising from all or any or some of such co-accepted Bills;

(5) against any liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by the Bank as a result of or in connection with the Bank making payment outside India to the Suppliers, under the co-accepted Bills, without deducting tax in India whether or not such payment attracts withholding tax in India or requires due certification by a qualified accountant.

(v) SALE OF PLEDGED GOODS

(a) On the happening of any of the Events of Default, the Bank shall be entitled without prejudice to any of its other rights contained in the Facility Agreement or under the law and without notice to the Borrower which the Borrower hereby expressly waives, to sell the Goods whether before or after their arrival either by public auction or tender or by private contract and subject to such conditions as the Bank may deem fit to impose, or otherwise dispose of or deal with the Goods or any part thereof and / or with the relative documents of title to Goods in any manner whatsoever, without being bound to exercise any of these powers or liable for any loss in the exercise or non-exercise thereof. The proceeds realised from sale of the Goods or transfer or any document of title, remaining after deducting therefrom the costs and expense of and incidental to such sale or transfer, shall be applied in or towards payment or satisfaction of the amount(s) due to the Bank in respect of any payment made by the Bank under the LC Facilities for the account of the Borrower, and interest thereon and all costs charges and expenses as hereinabove mentioned. The Borrower shall accept the Bank's account of sale or realisation as conclusive evidence both in and out of court as to the amount(s) realised and expenses incurred, and shall pay forthwith any shortfall or deficiency remaining after such application. The Bank shall not be liable to the Borrower for any loss which may occur pending sale or disposal of the Goods and / or document of title of goods, whether by reason of theft, damage, deterioration or decay of the Goods or depreciation in the value thereof or otherwise whatsoever be the cause.

(b) The Borrower agrees and undertakes to sign, execute and deliver to the Bank from time to time on

demand made by the Bank, such further or other deeds, documents and writings and do all such acts, matters and things as may be required by the Bank for better perfecting the title of the Bank to the Goods and the Documents covered under the Co-acceptance Facilities and / or to render the same readily saleable or transferable by the Bank to any purchaser(s) at all time.

4. DEFINITIONS

(i) In this Part, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings viz:

“Applicable Rate of Exchange” means -

(a) in case a forward exchange contract / swap has not been booked by the Borrower with the Bank, the applicable foreign currency bill selling rate of the Bank prevailing on the Date of Crystallisation. Provided however, that if the relevant rate of exchange is not quoted or not available for any reason on such days, then the rate prevailing on the immediately next Business Day when such rate shall be quoted or be available shall be the Applicable Rate of Exchange;

(b) the forward exchange contract / swap rate in case a forward exchange contract / swap has been booked by the Borrower with the Bank.

“Bills” means, as the context may permit or require, any or each of the bills of exchange denominated in foreign exchange that raised on the Borrower by the Suppliers.

“Bills Outstanding” means, as the context may permit or require, any or each of the sum of the payments due from the Borrower under the LCs for which the Documents have been presented to the Bank but reimbursement / payment has not yet been made by the Borrower to the Bank.

“Co-acceptance Request Letter” means, as the context may permit or require, any or each of the Borrower’s request(s) to the Bank for adding co-acceptance to a Bill (as per the format specified by the Bank).

“Co-acceptance Confirmation” means, as the context may permit or require, any or each of the confirmation issued by the Bank, at its sole discretion (as per the format specified by the Bank confirming its co-acceptance of the Bill, pursuant to a request of the Borrower made vide a Co-acceptance Request Letter.

“Date of Crystallisation” means, as the context may permit or require, any or each of the last date(s) of usance period under the co-accepted Bill.

“Defaulted Amounts” shall have the meaning ascribed to it in Section 2(d) of this Part.

“Documents” means the documents as specified under / or in connection with co-accepted Bill.

“FEDAI” means Foreign Exchange Dealers Association of India.

“Goods” means the relevant goods described in the Co-acceptance Request Letter.

“Suppliers” means, as the context may permit or require, any or each of the suppliers of Goods to the

Borrower to whom the Borrower is obliged to make payment as per the terms of the respective contracts entered into between them and the Borrower.

“SWIFT” means Society for World Wide International Financial Telecommunications, which expression shall include its successors and assigns.

All capitalised terms used but not specifically defined herein shall have the respective meanings ascribed to them under the relevant portions of the Facility Agreement.

----- x -----