

CAPITAL SMALL FINANCE BANK LIMITED

(H.O. : MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar)

HYPOTHECATION AGREEMENT (FOR AUTO LOAN)

This agreement of hypothecation is executed at _____ on this _____ day of _____ 20_____ by Mr/Ms/M/S _____ s/o,d/o w/o _____ r/o _____ or having registered office at _____ (herein after called the "borrower" which term shall include its legal heirs, representatives, executors, administrators, successors and permitted assign)

And

The Capital Small Finance Bank Ltd, a body corporate having its Head Office at 37, Midas Corporate Park, 3rd Floor, G.T. Road, Jalandhar and inter alia, a branch office at _____ (herein referred to as a "the Bank" which term shall include its successors and assigns)

The borrower hereby, hypothecate to the Bank the vehicle (the "Hypothecated Vehicle") as security for the payment of the Loan along with interest, cost and other charges. (The term Borrower, in case there is more than one borrower, shall include each one of them in which case their liability shall be JOINT & SEVERAL).

Whereas the Bank has agreed to sanction a loan of ₹ _____ (Rupees _____),

The Borrower hereby agrees as under:-

1. The Bank is authorized to disburse the Loan direct to the vendor, whose bonafides have been verified by the Borrower, together with the contribution/margin money which has already been deposited with the Bank and the Bank will not be liable for any misdeed, wrong doing or deficiency in service and/or in the vehicle on the part of the vendor. In case the borrower has directly deposited the margin with the vendor, he will submit the documentary evidence.
2. The Hypothecated Vehicle shall be used for personal use and will not be sold, given on lease or on hire or otherwise parted with the possession or encumbered in any way till the repayment of the Loan.
3. (i) The Borrower agrees that the amount of the Loan together with interest will be paid by him regularly in _____ number of Equated Monthly Installments (the "EMI") of ₹ _____ (Rupees _____) comprising of principal and interest and the first EMI shall become due for payment commencing on _____.

The amount of EMI shall be subject to change in accordance with the change/revision in the Applicable Interest Rate to be charged in the Loan account, in which event, the borrower shall exercise one of the following options for repayment of the Loan :

- a) To pay increased amount of EMI.
- b) To continue to pay the existing amounts of EMI with the condition that the balance outstanding in the Loan account would be paid in one go with last EMI of the originally applicable repayment tenure.

c) To prolong the repayment period.

(ii) In case no option is exercised by the borrower on account of change in the Applicable Interest Rate affecting the EMI, the option as given at (c) above will be deemed to have been exercised by the borrower.

4. (i) The Borrower irrevocably authorizes the Bank to recover the amount of EMI and other charges from his SF/CA /OD accounts no. _____ maintained at the Bank's BO: _____ until the Loan is fully repaid and adjusted. The Borrower further undertakes to keep sufficient balance in his said account for recovery of the EMI by the Bank.

(ii) The Borrower agrees to authorize his employer to remit his salary to the Bank's BO _____ for crediting to his above account.

(iii) The Borrower hereby deposits post-dated cheques to facilitate the due payment of the EMIs of the Loan.

(iv) The Borrower is willing to make the payment of EMIs of the Loan, through participation in Electronic Clearing Service (ECS) of National Clearing Cell of RBI and authorizes the Bank to raise the debits against the EMIs from his SF/CA/OD account No. _____ maintained at BO: _____ of _____ Bank (Give name and address of the Bank) through ECS for repayment of the Loan and understands that in the event of the Bank not realizing payment from ECS for any reason whatsoever, the Borrower shall pay the EMI to the Bank by cash or cheque along with the interest for the delayed period.

The Borrower has given the necessary mandate/will comply with the procedural requirements for participation in ECS and also bear any service charges/fees as prescribed by Bank/RBI from time to time.

5. The Borrower agrees to pay the pre-payment/ pre-closure charges as per bank norms prescribed from time to time.

6. Notwithstanding the above, in case the Borrower fails to pay any three EMIs (not necessarily consecutive) or in the case of contravention of any of the terms and conditions herein or in case the Hypothecated Vehicle is lost or destroyed or otherwise becomes unavailable or untraceable as a result of theft or otherwise for any reason whatsoever, it shall be lawful for the Bank to recall by a demand in writing the entire outstanding amount in the Loan account and the Borrower shall pay the same notwithstanding the period of EMIs fixed as aforesaid.

7. The Borrower agrees to pay interest at% spread over the prevailing Base Rate/MCLR (presently being _____%) of the Bank per annum with monthly rests (the "Applicable Fixed/Floating Interest Rate"), as and when due / leviable whether debited or not in the Loan account, , other expenses, applicable interest tax and incidental charges, etc. as applicable from time to time The interest shall be calculated on daily balance basis due to the Bank and shall be charged monthly so long as the amount due is not repaid in its entirety and shall form part of the principal and carry interest at the Applicable Interest Rate.

8. The Base Rate/MCLR and/or the spread are subject to changes made by the Bank/RBI from time to time and interest at the revised rate shall accordingly be charged from time to time in the Loan account;

9. Notwithstanding the above, if the Bank, on the request of the Borrower, in its discretion decides to make available to the Borrower the option of application of lower rate of interest, as applicable to fresh Loans under the Scheme, it is open to the Bank to charge and levy a Switchover Fee at the rate prescribed by the Bank.
10. The Borrower agrees to pay additional interest at _____% p.a. with agreed rests in case of default in
- a) Payment of interest and/or any installment on the due dates, on the amount in default from the date of default; or
 - b) Furnishing information as prescribed/called for by the Bank; or
 - c) Non-compliance of any other terms & conditions of the agreement/sanction letter.
- 10.(A) Besides this, the Bank shall have the option to recall the entire outstanding and the Borrower undertakes to pay the amount outstanding upon demand by the Bank.
- 11.(A) The Bank shall be entitled at its option to recall the entire outstanding together with interest and other charges in the following cases:-
- a) In case the Borrower defaults in payment of any installment or interest;
 - b) In case the Borrower fails to create the security as undertaken within the period prescribed of such extended period as the Bank may allow;
 - c) In case the Borrower contravenes any of the terms and conditions of the Facility, agreement and/or of the sanction letter and/or part with the possession of hypothecated vehicle
 - d) In such other cases/circumstances as the Bank may deem fit and proper.
- B) In event of the Bank exercising its power to recall as aforesaid, the Borrower undertakes that irrespective of the period for which the Loan is made, the Borrower shall pay to the Bank immediately, after demand whereby the recall is made, the balance then outstanding in the Loan account together with interest and all other charges due there under. In case the borrower fails to pay the Loan amount, the Bank would also be at its sole discretion be entitled to without assigning any reason whatsoever and shall initiate the legal proceeding against the borrower for recovery of the entire outstanding amount. The bank is also authorised to take action under the SARFAESI Act 2002 or any other law for the time being in force.
12. The Borrower also agrees that in case the amount outstanding in the Loan account is not paid by him after demand in writing by the Bank, it shall be lawful for the Bank and its officers to call on him and take possession of the Hypothecated Vehicle. In case of default on his part to deliver possession, it shall be lawful for the Bank and its officers to take possession of the Hypothecated Vehicle from him and sell the same by private contract or otherwise as pledgee / hypothecatee / mortgagee for adjustment of the Loan account at his risk and responsibility, and get the same transferred in the name of the purchaser by signing the necessary documents without reference to the Borrower and he undertakes to pay the amount of shortfall, if any.
13. The Borrower undertakes to keep the Hypothecated Vehicle insured for its full value by taking comprehensive policy in the joint names of the Bank and the Borrower with agreed Bank clause with any Insurance Company approved by the Bank. The Borrower shall produce the relevant policy or policies of insurance along with receipt of premia paid to the insurance company from time to time for its inspection regularly. In case of default in furnishing Insurance policy by the

borrower, the same shall be deemed as breach of this agreement. In case the Borrower fails to keep the Hypothecated Vehicle insured and to produce such policy or policies and receipts to the Bank, the Bank shall be at liberty, but not bound, to effect such insurance and pay such premia at the Borrower's expense by debiting to the Loan account and the amount of premia shall form part of the Borrower's indebtedness to the Bank under the Loan and secured fully by the hypothecation hereby created.

14. The Borrower further declares and agrees: -

- a) that upon any moneys becoming payable under the policy, the Bank shall be entitled to receive the same.
- b) that the receipt of the Bank shall be a complete and good discharge of the insurance company
- c) that any adjustment, settlement, compromise or reference to arbitrations in connection with any dispute between the company and the insured or any of them arising under or in connection with the insurance policy if made by the Bank shall be valid and binding on all parties, but not so as to impair the right of the Bank to recover the full amount of any claim it may have on other parties and
- d) that any sum received under such insurance shall be applied in or towards liquidation of the amount due to the Bank on account of the Loan, interest and other charges as aforesaid and in the event of there being a surplus the same shall be refunded to the Borrower, if no other amount is due from him.

15. The Hypothecated Vehicle will be got registered with the appropriate transport authority with the bank's lien/hypothecation noted on RC of the vehicle, failing which the Bank reserves the right to recall the entire advance.

16. The Borrower agrees and hereby gives to the Bank during the currency and for the payment of the Loan, a general lien and right to set off; and combine accounts without notice; and charge on all movable property of every description coming into the Bank's possession on account of the Borrower for the time being held by the Bank on behalf of the Borrower whether singly or jointly with others in India or elsewhere including, without prejudice to the generality, any monies, bullion, deposits, deposit receipts, promissory notes, bill of exchange, cheques, railway receipts, Govt. bills and other documents/securities of every description

17. That any demand herein may be made on the Borrower by an officer of the Bank or any notice in writing under the hands of any such officer either served personally on the Borrower or left at or sent by post to him at his address registered/available with the Bank.

18. The Borrower hereby consents that in case he commits default in repayment of the Loan, the Bank/RBI can disclose his name in such manner and through such medium, as they deem fit. The Borrower further consents for disclosure of his name by the Bank to any credit information company, as deemed fit.

19. If there is any default in payment of any one of such installments on due date, violation in terms and condition of sanction and the scheme under which the borrower is financed, the agreement to receive payment by installment shall stand determined on the part of the Bank and the bank shall be at liberty to demand payment of and the borrower shall be bound and liable to pay forthwith on such demand the balance amount due to the bank. Notwithstanding what is stated above, the Bank would also be at its sole discretion be entitled to determine this agreement without assigning any reason whatsoever and shall initiate the legal proceeding against the borrower for recovery of the entire outstanding amount.

20. The Borrower agrees not to induct on its part a person who has been identified as willful default as per definition given as per RBI directions/guidelines or Bank's guidelines as a Director on its Board. If any Director who is willful defaulter as per definition above referred is on its Board, the Borrower undertakes to get him removed from the Board. The Borrower agrees to make necessary amendment in the Article of Association of the Borrower / Company to make the above requirement a ground for removal of directors and furnish a copy of Articles of Association as amended to the Bank. (This sub-clause is applicable only in case of corporate borrower/s).

In case the legal proceedings are initiated by the Bank on account of default by the borrower, all dues together with cost, charges and expenses incurred on the same, shall be debited to the loan account of the borrower(s) and shall be recoverable/payable as a part of the principal amount.

21. (a) The Borrower hereby agrees as a pre-condition of the Loan / Facility given to the Borrower by the Bank that in case the Borrower commits default in the repayment of the Loan / Facility or in the repayment of interest thereon or any of the agreed installments of the Loan on due dates, the Bank and/or the Reserve Bank of India will have an unqualified right to disclose or publish the Borrower's name or the name of the Borrower's company/firm/unit and its directors/partners/ proprietors as defaulter in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit
- b) The borrower understands that as a pre-condition, relating to grant of the Loan/Facility to the Borrower, the Bank, requires the Borrower's consent for the disclosure by the Bank of information and data relating to the Borrower, of the Loan/Facility availed of/to be availed, by the Borrower, obligations assumed/to be assumed, by the Borrower, in relation thereto and default, if any, committed by the Borrower, in discharge thereof.
- c) Accordingly, the Borrower hereby agrees and gives consent for the disclosure by the Bank of all or any such –

Information and data relating to the Borrower;

Information or data relating to any loan / credit facility availed of/to be availed, by the Borrower, and

Default, if any, committed by the Borrower, in discharge of the Borrower's such obligation, as the Bank may deem appropriate and necessary, to disclose and furnish to the Credit Information Bureau (India) Ltd. and/or any other agency authorized in this behalf by RBI.

- d) The Borrower declares that the information and data furnished by the Borrower to the Bank are true and correct.

- e) The Borrower agrees that –

(i) The Credit Information Bureau (India) Ltd. and / or any other agency so authorized may use/ process the said information and data disclosed by the Bank in the manner as deemed fit by them; and

(ii) The Credit Information Bureau (India) Ltd. and/or any other agency so authorized may furnish for consideration, the processed information and data or products thereof prepared by them, to banks/financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank of India in this behalf.

22. In case of any dispute between the bank and all or any one or more of the parties, guarantor or and such other person(s) connected with the agreement, regarding the interpretation or meaning of any of the terms of this agreement, or any nature of differences, disputes, rights, claims, recovery and obligation or their enforcement or performance or to enforce payment of money secured by a mortgage or otherwise charged upon immovable property covered by this agreement or touching this agreement directly or indirectly, however, remotely it may be, including the disputes or breach, violating, contravening any condition or term of this agreement, assessment of damages, compensation, interest, additional interest prior to reference, pendentelite and future interest, for such breach violation or contravention, termination, determination of the agreement/contract, also covering disputes or matter(s) relating to section 13(10), 17 to 18, 18B to 19 in chapter III of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, as amended by the Enforcement of Security Interest and Recovery of Debts Laws(Amendment) Act 2012 (1 of 2013) read with the corresponding Rules under the Security Interest (Enforcement) Rules, 2002 as amended from time to time, and all other matter(s) shall be referred by either party to this agreement, promissory note, agreements and guarantee deed to the sole Arbitration, by any one of the arbitrators on the named Panel of Arbitrators herein below at the option of the party raising the dispute or difference referred to above. In the event of appointed Arbitrator's inability, incapacity, death or refusal to act, the vacancy shall be filled from amongst the remaining Arbitrators named in the Panel of the Arbitrators at the option of the party raising the matter in difference. The reference shall not be determined by the death of the borrower(s)/guarantor(s) or on the winding up of the Bank and this shall be deemed to be agreement of arbitration between the Legal Representatives, heirs liquidators, administrators & the like

PANEL OF ARBITRATORS

- 1. _____
- 2. _____
- 3. _____
- 4. _____

The jurisdiction of Courts, Consumer Forums, Rent Controllers under the EPURR Act, Rent Authorities under the Punjab Rent Act 1995, as amended by 2014 Act, Tribunals(Including Debt Recovery Tribunals) and their appellate authorities, other than the jurisdiction exclusively and specifically exercisable by the concerned, authorized officer of the creditor or Chief Metropolitan Magistrate or District magistrate, under section 13(1) to 13(9) & 13(11) to 13(13) to section 16 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act,2002 as amended by the Enforcement of Security Interest and Recovery of Debts Laws(Amendment) Act 2012(1 of 2013) read with the corresponding Rules under The Security Interest(Enforcement) Rules, 2002 as amended from time to time, are ousted in the light of the above arbitration clause.

It is clarified that all matter(s) coming within the ambit of section 13(1) to 13(9) & 13(11) to 13(13) to section 16 in chapter III of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended by the Enforcement of Security Interest

and Recovery of Debts laws (Amendment) Act 2012 (1 of 2013) read with the corresponding Rules under the Security Interest (Enforcement) Rules, 2002 as amended from time to time, exclusively and specifically exercisable by the concerned, authorized officer of the creditor or Chief Metropolitan Magistrate or District Magistrate, as the case may be, are not covered by the above arbitration clause and cannot be referred to arbitration.

The party raising dispute shall give 15 days notice of their intention to make the reference to the other party or parties addressed to his/her/their usual place of business or residence or at his/her/their last notified address and the notice by post or courier or e-mail/SMS etc shall be deemed to have been served when sent on such address(s). On the expiry of said period of 15 days, the party giving the notice shall also be entitled to make a reference to arbitrator and it will not be necessary to make a joint submission of reference to arbitration, which reference shall not be objected to by other party as being unilateral, Arbitrator's decision by way of award and can also make award of selling the mortgage property to enforce payment of money secured against such mortgage or otherwise charged upon immovable property under mortgage , shall be final and binding and shall not be challenged in any court of law. The proceeding before the Arbitrator and all arbitral matters shall be followed as per the existing and then prevailing arbitration law or its substituted arbitration law as amended from time to time, with place of Arbitration at Jalandhar City.

In witness whereof the parties have hereunto set their hands on the day, month and year herein above first mentioned.

Borrower(s) Signature

Bank

Address

Place :