

**AGREEMENT OF HYPOTHECATION FOR
SMALL LOANS/CONSUMER DURABLES**

This Hypothecation agreement is made at _____ this _____ day of _____ 20

between Sh/Smt. _____ S/o/W/o/D/o _____

r/o _____

OR

M/s _____ through _____

(Prop/Partners/Director) hereinafter called the borrowers (which expression shall unless the context or subject otherwise require include his/her/theirs/its/heirs, executors and administrators) of the first part and Capital Small Finance Bank Limited a body corporate having its Head Office at **Jalandhar** and one of the branch office at _____ hereinafter referred to as the "Bank" (which expression shall wherever to context so admits be deemed to include its successors and assigns) of the second part.

Whereas at the request of the Borrower(s) contained in his/her/their application dated _____ the bank has granted or agreed to grant to the Borrower(s)/loan(s) of ₹ _____ to enable the Borrower(s) to meet his/her/their loan requirements for acquisition of plant and machinery/erection of factory shed/building and/or to purchase consumer durables and such other purpose as may be agreed by the bank to be availed at Branch Office _____ on terms and conditions set out here under :-

Now in consideration of the Bank having agreed or agreeing or agreeing to grant to the Borrower(s) the loan of ₹ _____ the Borrower(s) covenants with the Bank as follows :-

1. The bank agree to lend to the borrower and the Borrower agrees to borrow from the Bank for the purpose as mentioned in the borrower's application and subject to the conditions hereinafter set to composite loan/loan of ₹ _____ consisting of Term loan/demand loan/overdraft of ₹ _____ to be disbursed by the Bank to the Borrower in such installments and stages and with periodicity as given in schedule hereof.
2. That the Bank at Branch office _____ has opened or shall open separate accounts in its books in the name of the borrower(s) for the terms loan/loans as above which shall be operated by the borrower(s)

3. The Borrower(s) shall pay the above loan of ₹_____ in _____ equal yearly/half-yearly/ quarterly/monthly installments of ₹_____ each together with interest thereon in the manner set out in the Schedule. The first installment shall commence on _____. It is further provided that in default of the payment of any of the installments on the due dates, the Bank shall be entitled to call upon the Borrower to pay and the Borrower shall in that event pay the whole of the outstanding loan then owing from the Borrower to the Bank. In case of failure on the part of the borrower(s), the Bank shall have right to initiate the legal action for recovery of bank dues.
4. The Borrower agrees to pay interest at _____ % Spread over the prevailing Base Rate/MCLR (presently being _____ %) of the Bank (hereinafter referred to as the "Reference Rate"), i.e @ _____% (the "Applicable Interest Rate") per annum with monthly rests, whether debited or not in the account, plus applicable interest tax, if any, including the manner of computation of the same by the Bank. Further -
- i. The Base Rate/MCLR/the Spread/periodicity of rests are subject to any change made by the Bank/RBI from time to time and the revised Applicable Interest Rate shall accordingly be charged in the account;
 - ii. In the event of there not being any Reference Rate and/or Spread, the Borrower agrees to pay the interest at such rate as prescribed by the Bank from time to time; and
 - iii. The interest shall be calculated on the daily balance basis due to the Bank in the account and shall be charged in the account on the last working day of the month so long as the debt herein is not paid by the Borrower in its entirety and will form part of the principal and carry further interest at the Applicable Rate of Interest.
5. The borrower shall repay the loan amount together with interest thereon in installments in the manner set out in Schedule hereto Provided that on occurrence of certain event, which in the opinion of the Bank is sufficient, the Bank in its absolute discretion, may reschedule the repayment under intimation to the Borrower and same will be binding on the Borrower and shall be deemed to have been originally incorporated in this agreement and shall form part of this agreement and the Borrower agrees that any such rescheduling will not in any way, absolve any of the Borrower(s) from liability under the Loan in any manner whatsoever and the nature and the extend of the Borrower(s) liability and of the security offered shall subsist and continue.
6. (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 hereby deposits post-dated cheques to facilitate the due payment of the EMIs of the Loan.
- (iii) 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.

- 7 (A) The Borrower agrees to pay additional interest @ _____ % p.a. with agreed rests-
- a) In case of default in payment of interest or installments on the due date, on the amount in default, from the date of default;
 - b) In case of default in complying with the terms & conditions of the Loan or of this agreement or the Loan account becomes irregular or for non-compliance of any other Terms of sanction and the Bank's general guidelines, on the amount outstanding from the date the account becomes irregular/from the day of non-compliance of any condition; and
 - c) In case the Loan is recalled, on the amount outstanding from the date of demand/recall.
- (B) Charging of additional interest shall be without prejudice to any other right available to the Bank.

The Borrower agrees to pay and bear the -

- a. Incidental charges at the rates fixed by the Bank from time to time at its discretion and shall be debited to the account for every half year or part thereof;
 - b. The borrower agrees to pay the pre payment/pre-closure charges as per bank norms prescribed from time to time.
 - c. Any other charges leviable from time to time as per the guidelines of the Bank.
- 8 (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;
 - 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.
9. Accordingly, the Borrower hereby agrees and gives consent for the disclosure by the Bank of all or any such -
- (i) Information and data relating to the Borrower;

- (ii) Information or data relating to any loan / credit facility availed of/to be availed, by the Borrower, and
 - (iii) 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.

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.

10. 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 within named Borrowers and Bank have executed this Agreement on this _____ day of _____ 20 _____

Bank

Signature of Borrower

Address: _____

Schedule-I
Installments for Disbursement of Loan

Schedule-II
Schedule of Repayment

Schedule-III
Schedule of Securities/Margin Percentage

Signature of the Bank

Signature/Thumb impression of the Borrower