

## CREDIT FACILITY AGREEMENT

The persons morefully mentioned in the schedule I (b) are members of the SHG / JLG group, hereinafter referred to collectively as "The Self-Help Group (SHG) Members" / "Joint Liability Group (JLG)", which expression shall, unless repugnant to the context or meaning, include every member of the said SHG/ JLG and their respective legal heirs, executors and administrators. WHEREAS the SHG/ JLG members above named have joined voluntarily together and formed the SHG/ JLG with intent to carry on savings and credit and other economic activities for mutual benefit. Borrower ensure that the loan proceeds shall be utilised for the purpose of lending to its members to improve the socio-economic conditions of their members and further to generate income and for consumption purposes and all such members shall be jointly and severally liable for all the debts contracted by the SHG/ JLG.

### I/we hereby agree to abide by the following terms and conditions:

1. Borrower means the such persons, whose name(s) and address(es) are as specified in Schedule I (b) (hereinafter referred to as the "**Borrower**") which expression shall unless repugnant to the context or meaning thereof include its successors and assigns and all persons deriving/ claiming title there under)
2. The Borrower agrees to borrow from the Bank and the Bank agree to lend to the Borrower the facility particularly mentioned in Schedule I (d) hereto.
3. The Borrower's Application for Loan/Credit Facility and subsequent correspondence with the Bank (hereinafter collectively referred to as "the Borrower's proposals") and Bank's sanction letter above shall be deemed to constitute the basis of this terms and conditions / Agreement and of the credit facilities.
4. The Borrower hereby warrants that (a) correctness of each and every statement and particulars therein contained and undertakes to carry out the Borrower's proposals therein set forth and (b) declares and confirms that the said credit facilities shall be governed by the terms and conditions as set out in the Letters of Sanction issued by the Bank as also by the terms and conditions herein contained (c) undertakes that the credit facility advanced by the Bank shall be utilized for the purpose and in the manner set forth in the loan application read with the sanction intimation letter thereto and for no other purpose.
5. The facility will be disbursed to the borrower in one or more instalment(s) as may be fixed by the Bank. The person more fully specified in Schedule I (e) or such other person or persons authorised by the Borrower from time to time shall draw the amount in stages as stipulated.
6. To repay the loan as specified under schedule II of this agreement
7. That the due date of instalment shall be corresponding to the date of disbursement, as per the periodicity (i.e. weekly/bi-weekly/monthly/quarterly/ half yearly/ yearly, as the case may be) mentioned in Schedule II of this agreement
8. That, on account of upward revision of interest or for any other reason, (a) the Bank will have absolute liberty and discretion to re-fix the amount of equated instalment and in that event the Borrower shall be liable to repay the loan with revised interest at such revised instalment and/or (b) the Bank may at its sole and absolute discretion extend the period of repayment mentioned hereinabove and/or (c) allow the Borrower to make lump sum payment which is sufficient to keep the originally fixed equated instalment amount and repayment period unaltered or the Bank may permit any combination of the aforesaid options and/or (d) That in the event of any amendment/ alteration to the amount of instalment and/or the number of instalments on account of the above reasons, then the same shall be deemed to have been substituted in this Agreement and/or (e) hat the principal amount under this agreement shall always include and/or shall deem to and include also the interest calculated and debited to the loan account with monthly rests or such other rests fixed by Reserve Bank of India and/or the Bank, from time to time cumulatively. The interest shall be serviced as and when debited in the account.
9. The Borrower agrees to pay interest at the rate specified under schedule II of this agreement, with the rests mentioned therein and to service the interest as and when debited in the account.
10. Notwithstanding the above, the Borrower agrees that the Rate of Interest may increase on account of the directives of Reserve Bank of India and in that case the Borrower agrees to pay such revised rate of interest.
11. The interest shall be calculated respectively on the daily balance of the amount due.
12. Borrower agrees that if there is any delay in repayment, the interest will be compounded and it will form part of principal loan amount. The Borrower agrees to pay interest at such other revised rates/rests fixed by the Bank and/or RBI, if default is committed in repayment and/or in the event of breach of any of the other terms and conditions of the loan and/or happening of any one or more of the events specified in this Agreement.
13. The Borrower/s agrees that the Bank is at liberty to debit the loan account/s with commission and all bank charges and such other charges arising out of the transaction and incidental expenses and the amount so debited shall be payable by the Borrower separately and shall be recoverable by the Bank as if that is part of the loan amount. The Borrower shall pay to the Bank non-refundable fee and other charges as specified in the sanction letter.
14. Borrower agrees that the due date of instalment shall be corresponding to the date of disbursement as per the periodicity (i.e. weekly/ bi-weekly/monthly/ quarterly/ half yearly/ yearly, as the case may be). Bank shall at its sole discretion have right to fix the due date of instalment, if so desires.
15. Notwithstanding anything contained herein, Bank may at its sole and absolute discretion recall the whole advance and the Bank will be entitled to enforce its security upon the happening of any of the following events (a) Any instalments or portion of the principal monies and/or interest being unpaid upon the due date for payment thereof, (b) The Borrower/s committing any breach of default in the performance or observance of these presents and/or the Borrower's proposal or any other terms or conditions relating to the advance, (c) The Borrower ceasing or threatening to cease, to carry on its activities (d) The occurrence of any event or any circumstance which is prejudicial to or impairs, imperils or depreciates or is likely to prejudice, impair, imperil or depreciate the security given to the Bank; and (e) The occurrence of any event or circumstance which would prejudicially or is likely to prejudicially or adversely affect in any manner the capacity of the Borrower to repay the loan. On the question whether any of the above events has happened, the decision of the Bank shall be conclusive and binding on the Borrower.
16. Borrower hereby agrees and give consent that without prejudice to all other rights as the Bank or any of the third parties appointed by the Bank may have under this Agreement and under law, on the occurrence of an Event of Default, the Bank or not, its authorized representatives, agents, and third parties as appointed by the Bank are authorised to use the contact details provided by the Borrower to get in touch with the Borrower (including the authorised signatory(ies)/representative(s) and third parties including the family members of the Borrower) whose information the Borrower has provided to the Bank. Also, the Borrower may be sent reminders from time to time for settlement of any Outstanding Dues by post, telephone, email, SMS text messaging via mobilephone. Borrowers hereby give explicit consent and agrees with the Bank that Bank is entitled for engaging third parties to remind, follow up and collect dues as stated above.
17. Borrower agrees and give consent to the bank that Bank at any time, without any consent of or notice to the Borrower be entitled to securitise, sell, assign, discount or transfer all or any part of the Bank's right and obligations under this Agreement or other Loan Documents including Credit Facility Agreement, to any person(s) and or to Agents and in such manner and on such terms as the Bank may decide. The Borrower is aware and give consent that Borrower shall not be entitled to directly or indirectly assign or in any manner transfer, whether in whole or part, any rights or obligation under this Agreement and other Loan Documents.
18. The Borrower hereby consents to the disclosure by the Bank, of information and data relating to the Borrower, of the Facilities availed or to be availed by the Borrower, obligations as sumed or to be assumed by the Borrower in relation there to and default, if any, committed by the Borrower in discharge there of, as the Bank may deem appropriate and necessary, to Credit Information Bureau (India) Ltd. or any other agency authorized in this behalf by RBI
19. Each of the SHG/ JLG members hereby agrees to abide by and ratify all such act, deeds and things other members may do in the interest of the activities of SHG/ JLG.
20. In the event of death of any of the members of the SHG/ JLG, his/her legal heirs shall be entitled for the benefits and be liable for the obligations of the deceased member under this agreement.

21. The members of the SHG/ JLG shall act as mutual guarantors and stands guarantee to the loan extended to all the members of the SHG/JLG. In case of default on the part of the Borrower in repayment of instalment, principal amount, interest, service charges and any other charges that may be due to the bank or in regularising or clearing the amounts, the members of the SHG/ JLG, who offers Guarantee collectively to their individual loans shall remain responsible jointly and severally for making necessary payments to the Bank. The Mutual Guarantors authorise Bank to exercise lien on the cash security held on their behalf and adjust this cash security against the unpaid balance of loan outstanding on or after due date of any other Mutual Guarantor of their group.
22. The Loan, this document/other documents, shall be governed by the laws of India. The parties hereto expressly agree that all disputes arising out of and/or

relating to the Loan, this or any other relevant document shall be subject to the exclusive jurisdiction of the court/tribunal of the city/place in which the branch/office of the Bank from where the contract has been last concluded, provided that the exclusivity aforesaid shall bind the Borrower and the Bank shall be entitled to pursue the same in any other court of competent jurisdiction at any other place; and provided further that if any dispute is below the pecuniary jurisdiction limit of the Debts Recovery Tribunals established under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, then such dispute shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 as may be amended, or its re-enactment, by a sole arbitrator, appointed by the Bank and Borrower from the list provided in Schedule III. The place of arbitration shall be at Karur, Tamilnadu State or such other place as the Bank may determine.

Due date of payment	Payment Date	Payment covers	Age of oldest dues in days	SMA / NPA Categrization	SMA since Date / SMA class date	NPA Categrization	NPA Date
01.01.2022	01.01.2022	Entire dues upto 01.01.2022	0	NIL	NA	NA	NA
01.02.2022	01.02.2022	Partly paid dues of 01.02.2022	1	SMA-0	01.02.2022	NA	NA
01.02.2022	02.02.2022	Partly paid dues of 01.02.2022	2	SMA-0	01.02.2022	NA	NA
01.03.2022		Dues of 01.02.2022 not fully paid 01.03.2022 is also due at EOD 01.03.2022	29	SMA-0	01.02.2022	NA	NA
		Dues of 01.02.2022 fully paid, Due for 01.03.2022 not paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA
		No payment of full dues of 01.02.2022 and 01.03.2022 at EOD 03.03.2022	31	SMA-1	01.02.2022/ 03.03.2022	NA	NA
		Dues of 01.02.2022 fully paid, Due for 01.03.2022 not fully paid at EOD 01.03.2022	1	SMA-0	01.03.2022	NA	NA
01.04.2022		No payment of dues of 01.02.2022, 01.03.2022 and amount due on 01.04.2022 at EOD 01.04.2022	60	SMA-1	01.02.2022/ 03.03.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.04.2022 at EOD 02.04.2022	61	SMA-2	01.02.2022/ 02.04.2022	NA	NA
01.05.2022		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 01.05.2022	90	SMA-2	01.02.2022/ 02.04.2022	NA	NA
		No payment of dues of 01.02.2022 till 01.05.2022 at EOD 02.05.2022	91	NPA	NA	NPA	02.05.2022
01.06.2022	01.06.2022	Fully Paid dues of 01.02.2022 at EOD 01.06.2022	93	NPA	NA	NPA	02.05.2022
01.07.2022	01.07.2022	Paid entire dues of 01.03.2022 & 01.04.2022 at EOD 01.07.2022	62	NPA	NA	NPA	02.05.2022
01.08.2022	01.08.2022	Paid entire dues of 01.05.2022 & 01.06.2022 at EOD 01.08.2022	32	NPA	NA	NPA	02.05.2022
01.09.2022	01.09.2022	Paid entire dues of 01.07.2022 & 01.08.2022 at EOD 01.09.2022	1	NPA	NA	NPA	02.05.2022
01.10.2022	01.10.2022	Paid entire dues of 01.09.2022 & 01.10.2022	0	Standard Account with No Over dues	NA	NA	STD from 01.01.2022

I/we also understand that the aforesaid few examples are illustrative and not exhaustive in nature covering common scenarios, and that, the IRACP norms and clarifications provided by RBI on the subjects referred above will prevail.

From:

To:

**The Branch Head,  
Karur Vysya Bank Ltd.,**

Dear Sir/Madam,

With reference to the Credit facility/ies sanctioned to me/us and being availed by us today, I/we confirm having understood the following concepts and illustrative examples related to due dates, classification of our borrowal accounts as SMNNPA in the course of the conduct of the accounts.

**Concepts / clarifications/ Illustrative examples on Due dates and specification of SMA 1 NPA classification dates**

**Dues** mean, the principal/interest/ any charges levied on the loan account which are payable within the period stipulated as per the terms of sanction of the credit facility.

**Overdue** mean the principal/ interest/ any charges levied on the loan account which are payable, but have not been paid within the period stipulated as per the terms of sanction of the credit facility In other words, any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

**Relevance of the Principle of 'First In First Out' (FIFO) in appropriation of payments into the borrowal account:**

The Principle of FIFO i.e., 'First In, First Out' accounting method is relevant to arrive at the No. of days of overdue for determining the SMA / NPA status. The FIFO principle assumes that, the oldest outstanding dues in the loan account needs to be cleared first. The FIFO method thus requires that what is due first must be paid by the borrower first. For example;

If in any loan account as on 01.02.2021 there are no overdues and an amount of Rs. X is due for payment towards principal instalment/interest/charges, any payment being credited on or after 01.02.2021 in the loan account will be used to pay off the dues outstanding on 01.02.2021

Assuming that nothing is paid /or there is partial payment (Rs. Y) of dues during the month of February, the overdue as on 01.03.2021 will be Rs.X-Y.

Additionally, an amount of Rs.Z becomes due as on 01.03.2021, Now any payment /partial payment into the account on or after 01.03.2021 will be first utilized to pay off the partial due of 01.02.2021 ( Rs X - Rs.Y) If there is more recovery than the Rs X - Rs Y then after recovering dues of 01.02.2021, the remaining amount will be treated as recovery towards due of 01.03.2021.

**Age of oldest Dues:**The age of oldest dues is reckoned in days from the date on which the oldest payment is due and continues to remain unpaid. In the aforesaid illustration, if the Dues relating to 1<sup>st</sup> February 2021 remain unpaid till 01.03.2021, the age of the oldest dues is reckoned as 29 days on 02.03.2021.

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

Lending institutions will recognize the incipient stress in loan accounts, immediately on Default, by classifying them as Special Mention Accounts (SMA). The basis of classification of SMA/ NPA Category shall be as follows:

<b>Loans in the nature of Term Loans</b>	
SMA Sub- categories	Basis for classification- Principal or interest payment or any other amount wholly or partly overdue
SMA-0	Upto 30 days
SMA-1	More than 30 days And upto 60 days
SMA-2	More than 60 days And upto 90 days

**Non-performing Asset (NPA)** is a loan or an advance where interest and/ or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan,

**Illustrative movement of an account to SMA category to NPA category based on delay /nonpayment of dues and subsequent upgradation to Standard category at day end process:**

Loan Application Date	15/11/2022	Rest
Rate of Interest (Fixed)	24.00	Repayment terms

**LOAN SANCTION TERMS**

S. No.	Member Name	Tenor (Months)	Processing Fee	Loan Amount	Other Charges (if any)	Member Signature
1	DIVYA VERGEENA CLARENCE VIJAYARAJ	24	425	36000		
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						