**AGREEMENT BETWEEN THE BANKS IN CONSORTIUM LOAN TO A PARTY**

This Agreement is made at……………..this the……………..day of……………..20…… between X Bank, a body corporate constituted by and under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and having its Head Off ice at………… and (hereinafter called "X Bank", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the FIRST PART, Y Bank, a Statutory Corporation constituted by and under the ..................... and having its head office at (hereinafter called "Y Bank", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the SECOND PART, Z Bank, a body corporate constituted by and under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and having its Head Office at (hereinafter called "Z Bank" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the THIRD PART. A Bank, a Banking company within the meaning of the Banking Regulation Act, 1949 and a Company incorporated under the Companies Act, 1956 and having its Registered Office at……………..(hereinafter called "A Bank" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the FOURTH PART.

WHEREAS

(1) The……………..Limited, a company incorporated under the Companies Act, 1956 (hereinafter called the Borrower, which expression shall unless it be repugnant to the subject or context thereof, include its successors and assigns) had applied to X Bank for a loan of Rs . ……………..for its working capital requirements, and the said X bank approached the Y Bank, Z Bank and A Bank who have agreed to be members of X Bank Consortium and share the loan amount to be sanctioned by the X Bank Consortium.

(2) The said X Bank has been designated and recognised as the lead Bank of the X Bank Consortium, and Y Bank is designated and recognised as the second lead Bank of the X Bank Consortium.

(3) The X Bank Consortium, has sanctioned the loan to the Borrower inter alia for the Working Capital facilities in the proportion as mentioned in the Working Capital Consortium Agreement dated the……………..day of……………..20……………..between the Borrower and the said Banks (hereinafter called "the Consortium Agreement") for meeting a part of the Working Capital needs of the Borrower in addition to the existing facilities and replacement of certain other facilities on the terms and conditions set out in the said Consortium Agreement and such other conditions as may be stipulated by the X Bank Consortium from time to time. The Working Capital facilities are hereinafter collectively referred to as "the said facilities" which expression shall, unless it be repugnant to the subject or context thereof, include each such facility or any one or more of them. The limits or sub limits as so fixed from time to time during the tenure of the said Consortium Agreement shall be deemed to be the limits or sub limits covered under the said facilities.

(4) As security for the repayment of the said facilities together with interest, costs, charges and other expenses, payable in respect of the said facilities, the Borrower created in favour of the said Banks a first charge by way of Hypothecation on its Current Assets, both present and future, wherever situated but pertaining to the Borrower as mentioned in the Joint Deed of Hypothecation dated the……………..day of……………..20……………..executed by the Borrower in favour of the said Banks and also created in favour of the said Banks by way of Collateral a second charge on the Fixed Assets, both present and future, of the Borrower (The aforesaid charges are hereinafter collectively referred to as "the said Securities"),

(5) For operational convenience, the said Banks have agreed to enter into an inter se Agreement being these Presents to define the rights of the said Banks relating to their rights in the securities and charges and other matters relating thereto.

Now therefore, it is hereby mutually agreed between the parties as follows:

(i) The Member Banks hereby recognise X Bank as the Lead Bank and Y Bank as the Second Lead Bank of the X Bank consortium.

(ii) The Member Banks hereby agree to abide by the directions, instructions and clarifications as may be given from time to time by the Lead Bank in consultation with the Second Lead Bank, in respect of any matters arising out of or in relation to the Cash Credit Account(s) or other Account(s) opened by the Borrower with the X Bank Consortium.

(iii) Notwithstanding anything to the contrary contained in or arising out of or implied by the said Consortium Agreement and/or the Joint Deed of Hypothecation, it is hereby agreed and declared by and between the said Banks as follows:

(a) X Bank will act as the Lead Bank of the X Bank Consortium and Y Bank as the Second Lead Bank and all the Members shall act in the spirit of the Consortium and all decisions should, as far as possible, be arrived at unanimously including those relating to sharing of ancillary business and drawings under different Facilities sanctioned to the Borrower.

(b) The members of the Consortium do hereby agree to execute in favour of the Lead Bank and the Second Lead Bank a power of attorney or other authorisation as may be deemed appropriate for constituting the Lead Bank and the Second Lead Bank as their true and lawful attorneys for them, in their name and on their behalf to do, execute and perform all acts, deeds and things as the Lead Bank and the Second Lead Bank may deem appropriate, necessary or expedient in the given circumstances as the leaders of the X Bank Consortium and to take decisions for and on behalf of the Consortium and communicate the same in the general interest of the Y Bank Consortium. The Member Banks do hereby agree to ratify and confirm whatever all acts, deeds and things lawfully and bona fide done, taken or effected by the Lead Bank and the Second Lead Bank as such attorneys in exercise of the powers, authorities and liberties hereby conferred upon, under and by virtue of this Agreement.

(c) The Members of the Consortium do hereby agree that they would act in the best interests of the Consortium having due regard to the interests of each of the Members of the Consortium.

(d) Each Bank shall consult the Lead Bank in respect of any matter relating to the said Facilities including those relating to sanction of ad hoc/temporary credit to the Borrower and act in consonance with the clarifications, directions and decisions as may be given by the Lead Bank.

1. (e)                A Bank Consortium shall act in accordance with the directions and instructions given by the Lead Bank in so far as the monitoring of the Borrower's Cash Credit Account(s) or other Account(s) with them are concerned and abide by the decisions of the Lead Bank and the Second Lead Bank, which will be binding on the other Members of the Consortium, in case of any dispute or difference of view on the quantum of the permissible bank finances, terms and conditions to be imposed or any other matter pertaining to the Borrower's Cash Credit Account(s) or other Account(s).

(f) If on account of operational difficulties or locational problems, the borrower desires to avail of any non fund based facility from one Member Bank in preference to another, the Lead Bank should as far as possible evolve a suitable system of sharing the relative income thereof at a Consortium Meeting and the decision of the Lead Bank/the Second Lead Bank thereon shall be binding on the Members of the Consortium.

(g) Each Bank shall not, without the consent of the Lead Bank, agree to any modification of the terms of this Agreement nor waive the rate of interest on defaults or vary the margins stipulated earlier unilaterally.

(h) Subject to the Provisions of the inter se arrangement as may be entered into between the said Banks and the other Lenders, all proceeds of sale or other proceeds out of or in connection with any of the said Securities created by the Borrower shall be applied in the manner as set out in clause 5 herein.

(i) Any action for the enforcement of the said Securities against the Borrower shall be taken by the Lead Bank in consultation with the other Members of the X Bank Consortium and the X Bank as the Lead Bank shall be at liberty to take any steps to realise or enforce the said Securities agreed to be created or close and cause to be closed the respective Cash Credit Account(s) or other Account(s) opened in the Books of the said Banks but in the morning of the full working day immediately preceding, any action intended to be taken under this clause, due notice of such intention and of the action intended to be taken shall be communicated in writing by the Lead Bank to the other Banks and the other Banks shall immediately or as soon as possible after receipt of such notice demand repayment of the moneys due under the relative Cash Credit Account(s) or other Account(s) and stop all further advances or accommodations to the Borrower on the relative Cash Credit Account(s) or other Account(s) of the Borrower with it and notify its intention in writing either to act jointly in such action with the Lead Bank or otherwise and in case the other Banks shall agree to act jointly in such action then the said Banks shall act jointly and in case of failure, neglect or refusal by the other Bank to join in any such action, the Lead Bank taking action shall make the Banks so refusing, a defendant/ respondent in any action which it may take against the Borrower

(j) All members of the Consortium should jointly and severally ensure that there is no slackness in follow up of and supervision over credit extended to the Borrower and each of the said Banks shall keep the Lead Bank advised of all matters affecting this Agreement and shall initiate such action as may be deemed appropriate in mutual consultation with one another of the X Bank Consortium.

(k) Inspection of the Books of Account, verification of securities and spot checks shall be done by such Member Bank by rotation as may be decided by the Lead Bank and the Second Lead Bank and the Notes of Inspection and Verification shall be forwarded to all the Members of the Consortium.

The Member Banks shall ensure that there is no piecemeal collection of data from the Borrower by each Member separately but that all collection of data is made by the Lead Bank or as it may direct.

(l) Each of the said Banks shall at the request of the Lead Bank or the Second Lead Bank join in the exercise of any power hereby made exercisable by the said Banks or any of them and shall join or concur in all such acts, proceedings, things or steps as may be necessary or convenient to enable any of the said Banks to recover any moneys due to it upon the said Securities or otherwise to obtain the benefit of the said Securities and in default, the defaulter Bank shall be made a defendant/respondent in any action, the other Banks may decide to take.

(m) The Lead Bank and the Second Lead Bank shall meet at quarterly intervals to assess the performance of the Borrower based on the Statements from the Borrower under the Quarterly Information System (QIS) and fix at such Meeting the Operating Limits/individual Bank's share thereof for the next Quarter which shall be binding on the Members of the Consortium.

(n) No Member of the Consortium shall opt out of the Consortium mainly on account of the Sickness/Impending Sickness/Weakness of any of the Borrower's Units. In the event of a Member of the Consortium desiring to opt out of the Consortium for any other reason considered to be valid by the Lead Bank either by itself or at the instance of the Borrower, that Member's Share in the said Facilities should in the first instance be offered to one or more among the other Member Banks and only if none of them is willing to take up that Share, one or more New Banks may be admitted into the Consortium in consultation with the Lead Bank.

(o) Where however, a Member Bank faces a temporary liquidity constraint, it will be open to one or more of the other Member Banks to agree, on request by the said Bank, to take up for a temporary period not exceeding six months or such other period as may be agreed to by the Lead Bank at its sole discretion (hereinafter referred to as "the Stated Temporary Period") that Bank's Share in any Additional Credit Facility that may be sanctioned to the Borrower against the Guarantee of that Bank, if so called upon and on the understanding that the said Bank will take over its due Share by the end of the Stated Temporary Period. It is specifically agreed that the status of the Lead Bank in such an event does not get affected if for a temporary period the Lead Bank ceases to have the required largest exposure in the Fund Based Facilities granted to the Borrower during that period.

(p) The Lead Bank will be solely responsible for submission to the Reserve Bank of India on behalf of Consortium Members for post sanction scrutiny under the Credit Monitoring Arrangement and for answering to the requisitions as may from time to time be made by the Reserve Bank in that regard. The Lead Bank will also be solely responsible for submitting an Application on behalf of the Consortium Members for authorisation, if required and for obtaining the same and for answering to the requisitions as may from time to time be made by the Reserve Bank in that regard.

(iv) Each of the said Banks shall supply to the other or others of the said Banks Statements, monthly or more often as may be agreed upon, showing the state of the Cash Credit Account(s) or other Account(s) in the Books of the Bank supplying such Statement and the amount of payments in and the drawings out of or any other sum debited to the Cash Credit Account(s) or other Account(s) during the period preceding the date of the Statement.

(v) Notwithstanding anything to the contrary contained in the said Consortium Agreement and/or the Joint Deed of Hypothecation or arising from or by virtue or reason of or implied by the same, all moneys resulting from the enforcement or realisation of the said Securities by or on behalf of the said Banks and the amounts realised from any policy or policies of insurance in respect of the said Securities though payable to the Borrower and any other realisation from or out of the said Securities or any part thereof by enforcement of the said Securities or by recourse to any special legislation for recovery of dues as may be applicable or otherwise howsoever shall be available for distribution amongst the said Banks inter se in the same proportion to their respective outstandings in the said Facilities, without any preference or priority of one over the other or others for all purposes and to all intents and shall be applied by the Lead Bank with all convenient despatch in the manner herein provided.

1. (a)                Firstly there shall be paid out of such moneys or provisions made thereout for the costs, charges, expenses, incurred by the said Banks for and incidental to the enforcement of the said Securities and/or realisation or receipts of such money;

(b) Secondly the balance of such moneys shall:

1. (i)                  in the event of the moneys so available for distribution being sufficient to pay to the said Banks the full amounts of the Debts (including the contingent liabilities) due from the Borrower to them respectively be applied simultaneously in the payment to each of them of their respective debts in full;

(ii) in the event of moneys available for distribution being insufficient to pay to each of them the full amount of the Debts (including the contingent liabilities) due from the Borrower to them respectively, be applied pari passu as nearly as may be practicable towards payment to each of them without any preference or priority whatsoever. The amount distributable to each of them shall bear to the total distributable amount the same proportion which the outstanding amounts of the Debts (including the contingent liabilities) due to each of them bears to the aggregate of the outstanding amounts of the Debts (including the contingent liabilities) due to all of them under the said Securities created and/or to be created by the Borrower;

(c) Thirdly the surplus if any, out of such moneys shall be paid by the Lead Bank to the Borrower or the person entitled thereto.

(6) All realisations out of policies of Insurance taken out by the Borrower in respect of the said Securities although taken only in the name of the Borrower shall be available for the benefit of the said Banks.

(7) Notwithstanding that the Lead Bank shall distribute the realisations in the manner mentioned above, as between the said Banks and the Borrower, the said Banks shall be entitled to enforce their rights by suit against the Borrower for any money's that may still be due to them from the Borrower.

(8) All documents of title evidencing the creation of the said Securities by the Borrower and all documents relating to the said Cash Credit Account(s) or other Account(s) shall be held by the Lead Bank or as it may direct. The Lead Bank shall make available the said documents to the Member Banks or any of them against their accountable receipt for the same.

(9) The Lead Bank shall take all the necessary and appropriate steps and actions to ensure compliance by the Borrower with all the terms, conditions and stipulations in respect of the said Facilities, the repayment and payment obligations of the Borrower or the Guarantor/s to the said Banks, the quality, quantity and sufficiency of the Security therefor and shall undertake at the cost and expense of the Borrower the requisite inspection of the said Securities in accordance with the relevant provisions of the said Consortium Agreement and/or the Joint Deed of Hypothecation. Whenever the Lead Bank takes any action, which in its opinion and discretion is necessary or appropriate in pursuance, or for the enforcement, of its rights over the said Securities or other security by taking possession of the said Securities, dealing therewith, or disposal thereof, or any other manner or by filing suits, actions or other proceedings or in any other manner in accordance with the terms, conditions and stipulations contained in the said Consortium Agreement and/or the Joint Deed of Hypothecation and or otherwise, such actions shall be taken for itself and for and on behalf of the Member banks and where such actions have not been specifically so taken they shall be deemed to have been taken for itself and for and on behalf of the Member Banks.

(10) Each of the said Banks hereby agrees that all acts, deeds and things done in accordance with this Agreement by the Lead Bank shall be construed as acts, deeds and things done by each of them and each of the said Banks undertakes to ratify and confirm all whatsoever the Lead Bank shall do or cause to be done for itself and on their behalf. The Lead Bank shall not be liable to the Member Banks for any act, deed or thing done or omitted to be done in good faith under this Agreement.

(11) Any further assistance by way of Working Capital facilities granted to the Borrower by the said Banks would have a ranking of a pari passu nature with the present assistance in respect of the said Facilities to the Borrower and shall be deemed to be included in the said Facilities and secured likewise.

(12)(a) It is declared and agreed by and between the Parties hereto that notwithstanding anything to the contrary contained herein or in the securities created or purported to have been created by the Borrower in respect of the said Facilities granted or continued, prior to the execution of these Presents, shall be governed and be deemed to. have always been governed by the provisions, terms and conditions contained in this Agreement, as if such Facilities were and are part of the said facilities referred to herein and hereunder.

(b) It is declared and agreed by and between the Parties hereto that notwithstanding anything to the contrary contained herein or in the Securities created or purported to have been created by the Borrower in respect of the said facilities or such other facilities as are subsisting from time to time in favour of the A Bank Consortium, the provisions contained herein shall govern not only the A Bank Consortium as constituted at the time of execution of these Presents but also such Consortium or the Reconstituted Consortium as may be formed during the currency of the said facilities as if the members of such Consortium or the Reconstituted Consortium were the original Parties hereto and such Consortium or the Reconstituted Consortium shall enter into and execute such documents or deeds as may be deemed necessary in the opinion of the Lead Bank and as directed by the Lead Bank.

IN WITNESS WHEREOF the Parties hereto have set their hands unto these presents the month and year hereinabove written.

Signed and delivered for and on behalf of Y Bank, the Lead Bank by the hand of Shri. …………….. , its Authorised Official in this behalf.

Signed and delivered for and on behalf of the Member Banks as mentioned below by the hand of its duly authorised Official in this behalf;

Y Bank Shri……………..

Z Bank Shri……………..

A Bank Shri……………..