

ARTICLES OF AGREEMENT

ARTICLES OF AGREEMENT made at Mumbai this _____ day of _____, 2008 between _____, a partnership firm/a body corporate/trust, registered/incorporated, under the provisions of the Indian Partnership Act, 1932/the Companies Act, 1956/ the Indian Trust Act 1882/ the Income tax Act 1963 and having its registered office at _____ and Corporate Office at _____ represented by its _____ (full name and designation of the executants)(hereinafter called "the constituent", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its executors, administrators and legal representatives/the partners for the time being of the said firm, the survivor or survivors of them and their respective heirs, executors, administrators and legal representatives/its successors of the One Part :

OR
Mr./Ms/M/s....., an individual/a sole proprietary concern, having his/her/its residence at (hereinafter called "the constituent") which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include his/her heirs, executors, administrators and legal representatives, their respective heirs, executors, administrators and its successors, as the case may be, of the One Part;

and

IDBI Gilts Limited, a Company incorporated under the Companies Act 1956 and licensed as an NBFC and authorized to act as a Primary Dealer by the Reserve Bank of India, having its Registered Office at IDBI Tower, WTC Complex, Cuffe Parade, Mumbai 400 005 and Corporate Office at 01st Floor, Janmabhoomi Bhavan, Janmabhoomi Marg, Fort, Mumbai 400 001;(hereinafter referred to as "IGL", which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) of the other part.

WHEREAS:

1. The Board of Directors/trustees of the constituent have at their meeting held on day date, 20 have authorised the opening of CSGL accounts that are necessary for the operations of the constituent. The Constituent has surplus funds, which it is desirous of investing in various debt instruments
2. Reserve Bank of India (RBI) has allowed IGL to open Sub-accounts in the name of their Constituents in the Constituent Subsidiary General Ledger Accounts (CSGL) maintained by IGL with RBI.
3. The Constituent through its Board of Directors/trustees have requested IGL to include their name as one of the Gilt Account Holder (GAH) in the CSGL Account of IGL with RBI for settlement of transactions of the Constituent and IGL has agreed to open a sub account in the name of the Constituent in the CSGL Account maintained by IGL with RBI
4. The Constituent has approved the opening of a Gilt account in the Constituent's Subsidiary General Ledger (SGL) of IGL with RBI, for settlement of transactions in Securities, by resolution of its Board of Directors / Trustees dated _____, 20____.
5. The Constituent satisfies the eligibility conditions for holding government securities as specified in the General Notifications F.No. 4(2)-W&M/97 dated 1st April 1997 and F.No. 2(12)-W&M/97 dated 31st March 1998 and announcement by the RBI relating to investments by Foreign Institutional Investors (FIIs), if applicable.
6. IGL has the necessary infrastructure for accounting and safe keeping of securities in Gilt Accounts opened and maintained by them on behalf of their constituents and have the systems capability to effectively discharge its activities as custodian of government securities, maintaining arms length relationship with the other businesses of the Gilt Account holder
7. The parties hereto are desirous of recording the terms and conditions of the said agreement.

For the purpose of this agreement, the term

"Agreement" means this Agreement including all Annexure and schedules hereto and represents the entire understanding between the Parties with respect to the subject matter herein.

"Constituent" shall include the Company/Body Corporate/Trust/ Firm/Individual, its Directors/Partners/Trustees and any and all of authorized signatories acting on behalf of the Constituent from time to time.

"GILT Account Holder" shall mean a person/entity/body corporate in whose name the SGL sub account is opened and maintained by IDBI Gilts Limited and operated by the Authorised signatories for the purpose of trading in Debt and Money Market Instruments.

The parties hereby propose to record the understanding arrived at between them and acknowledged and accepted by the contractor.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY MUTUALLY AGREED, CONFIRMED AND RECORDED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. **Operation of the Gilt account:**

- 1.1 IGL shall include the name of the Constituent and open & maintain a distinct and separate sub-account in the name of the Constituent in the CSGL account of IGL with RBI and the Constituent shall open a GAH account with the IGL in the name of the Constituent
- 1.2 The Constituent shall provide IGL with a list of authorized signatories on whose instructions and confirmations IGL will be entitled to act for the purpose of purchase or sale of securities on behalf of the Constituent
- 1.3 In the said GAH's account to be opened by IGL in its books of accounts, IGL shall record sale and purchase by the Constituent of Government Securities, Treasury Bills and such other Securities as are permitted by the RBI to be settled through SGL account
- 1.4 The constituent shall instruct the issuing parties that SGLs should be made out in the name of _____ constituents account.
- 1.5 IGL shall not be responsible for ascertaining the genuineness or validity of signatures on any intimation note delivered by the Constituent to IGL or any consequences arising therefrom.
- 1.6 Although the transactions relating to all clients of IGL will be routed through the CSGL account of IGL with the RBI. IGL will maintain appropriate records to enable identification of the securities belonging to the Constituent.
- 1.7 IGL shall be authorized to provide at any time during the course of any legal proceedings, the original or copies of such records as may be required by or become necessary to be submitted in any court or before any authority without seeking permission or consent of the Constituent
- 1.8 Instructions for operating the Gilt account/ change in authorized signatories will be received by IGL at the Designated Office from the persons authorised to operate the said account by way of a signed written communication. The Constituent through the persons authorised may also send instructions by way of facsimile/ email to be followed by a signed written communication the same day. IGL may act upon the instructions received by way of a facsimile/ email and shall not be obliged to follow up with the Constituent for the signed written communication. It shall be the responsibility of the Constituent to confirm the receipt of such intimation by fax/email Further the storage of a photocopy of the fax transmission sent by the Constituent shall be conclusive evidence of Constituent's instruction to IGL for having acted on such instructions and the Constituent hereby agrees and acknowledges the same.
- 1.9 (a) when the Constituent requests IGL to buy securities, IGL shall buy securities only on the date of getting clear balances in its current accounts, at the price prevailing on that day. When the Constituent buys Securities at its own initiative, the Constituent shall ensure to intimate to IGL full particulars of the transactions and also provide adequate funds in order to ensure settlement of the deals on NDS (PDO) platform, after ensuring that the Constituent has provided clear funds to IGL for the purchase consideration. IGL will not be liable if the transaction does not go through the GAH on account of delay on part of the Constituent in submitting the Intimation note. When IGL's SGL Account at RBI is credited with the Securities, IGL shall, in turn, credit the Securities to the Constituent's Gilt Account with IGL. The Constituent agrees to provide with the necessary funds at least one day prior to the day when the security is to be bought.
- (b) When the Constituent sells any Securities, IGL shall, on the request of the Constituent, furnish full particulars to IGL, after checking/confirming the balance in the Constituent's Gilt account with IGL, shall execute the deal on NDS (PDO) Platform. When IGL's CSGL account with the RBI is debited with the Securities and IGL's current account with the RBI is credited with the sale proceeds, IGL shall, for the same value date, credit the Constituent's current / savings account with the sale proceeds. IGL shall debit the Gilt account with the Securities immediately on issue of Intimation note.
- (c) IGL shall not be responsible for lodging of any Intimation note on the same day if it is delivered after 2 p.m. on a working day.
- (d) IGL will not be required to pay any monies to the Constituent in excess of monies, which are received by way of clear funds by IGL prior to the time the monies are so required to be paid by the Constituent.
- (e) Barring unforeseen and unavoidable circumstances, the Intimation note, when the Constituent buys/sells Securities, will be handed over by the Constituent to IGL at their Designated office at least three hours prior to the close of NDS (PDO) timings i.e. by 2.30 pm. Similarly, when the Constituent sells Securities, IGL will hand over to the Constituent at the Designated office the Intimation note within three hours of receipt of instructions by IGL from the Constituent at the Designated Office of the sale of Securities. The instructions should be received by IGL three hours prior to the close of NDS PDO Timings. Designated Office shall mean such Office of IGL as may be indicated from time to time or mutually agreed to by the parties for the receipt of the instructions and the delivery and receipt of Intimation note.
- 1.10 (a) When the Constituent proposes to acquire securities in the primary market through auctions by RBI, the Constituent shall submit to IGL, a letter of authority duly filled in and signed by an authorised signatory, at least 3 hours before the closing time for receiving the tenders by the RBI. IGL shall authenticate the letter of authority and complete the necessary tender forms and deposit the same with RBI on behalf of the Constituent. The Constituent shall determine the bid/s rate and the amount independently and IGL shall not assume any responsibility for success/rejection of the bid/s
- (b) In the aforesaid case, the Constituent shall make arrangements to provide in their current account with IGL, the aggregate amount of the bid/s submitted in the auction on the same day with an irrevocable authorisation to IGL to pay the amount in respect of successful bid/s to RBI. The securities so acquired shall be maintained by IGL separately in the constituent SGL Account
- 1.11 IGL shall not be responsible, in any manner, for monitoring the value paid and/or received for the securities.
- 1.12 a) The Constituent agrees to pay IGL the fees as per Annexure A, a copy of which has been received, accepted by the

Constituent. Further the fees as annexed shall be subject to change and review from time to time. Any change in the fees shall be intimated to the Constituent 1 month prior to its implementation.

B) The Constituent shall have the option of authorizing IGL to directly debit their current/savings Account with the bank for charges and fees as per annexure A, subject to revision from time to time, and also to debit the out of pocket expenses incurred by IGL in extending the facility. The said option shall be extended on a specific request submitted by the Constituent to IGL. However, any such charges levied by IGL shall be highlighted in a separate statement as forwarded to the Constituent from time to time.

- 1.13 (a) the Constituent agrees that in the event the purchase/sale of security is transacted/executed through intermediaries, the brokerage shall be borne by the Constituent.
- (b) in addition all out of pocket expenses like bank charges, postage, telephone, telegraph, fax, courier charges shall be borne by the Constituent.
- 1.14 In case of any misrepresentation by the Constituent IGL reserves the right to take such action as it may consider appropriate with regard to any transaction undertaken pursuant to the provisions of this Agreement
- 1.15 (a) Interest proceeds received by IGL from RBI on behalf of the Constituent, security holdings will be credited to the Constituent current/savings account as submitted to IGL, only on physical verification by IGL of its credit in its RBI current/saving statement. IGL shall collect the maturity proceeds of the security on behalf of the Constituent from RBI and pay the same to the Constituent within 3 days from the date of receipt from the RBI. IGL shall not be responsible for non-payment or delay in payment of maturity proceeds by RBI.
- (b) If RBI deducts income tax at source at the rate applicable to IGL then it will be passed on to the Constituent by IGL, who may have different tax rates. In the event the Constituent is entitled to receive interest without tax deduction at source and the Constituent files the appropriate forms with IGL at least 15 working days before interest due date on the Securities or such lesser number of days as may be mutually agreed, then IGL will, on a best effort basis, ensure that the interest on Securities is received by the Constituent without deduction of tax at source.
- 1.16 If there is inadequate balance in the Constituent's SGL sub-account/Gilt Account, for executing sale deal, the Constituent will be informed about the inadequacy by IGL over the phone and IGL shall have no further liability in these circumstances.
- 1.17 The SGL sub-account/ Gilt account will be operated solely to assist the Constituent to have an access to the same and IGL will not be responsible for monitoring the value paid and/or received for securities
- 1.18 The Constituent agrees to comply with the "know your counter party policy" of IGL as framed by the Company and ensure to provide with such documentations/information, as and when, called for by IGL within a reasonable period of time.

2. General obligations of IGL

- 2.1 IGL shall ensure at all times that transactions in the individual Gilt Accounts are put through according to the instructions of the Constituent and the securities held in such accounts used only for transactions explicitly authorised by the Constituent.
- 2.2 To ensure that at all times, the securities held on behalf of Constituent are held separately in one SGL account and its own holdings held in other SGL account. To ensure that the sum total of individual holdings of securities as per the books of the CSGL are reconciled and agreed with the security wise aggregate balances in the CSGL Account in the books of the Public Debt Office at the end of the day.
- 2.3 To ensure that at no point of time the assets of one Constituent are mixed with those of another Constituent.
- 2.4 To send a statement of the Constituent as at the end of each quarter if there are no transactions during the quarter and once in a fortnight for the fortnight in which transactions have been conducted and also at the specific request of the Constituent. Provident Funds and Trusts may desire to have an audited statement and IGL may arrange for the same. The Constituent shall have the option to receive the statement either by email or by courier. The Constituent can avail of the facility of receiving the statements by email at any time by submitting a written request for such availment to IGL. IGL ensure to inform the Constituent of any other system of providing statement to the Constituent from time to time for providing better service to the Constituent.
- 2.5 To refrain from setting off securities in the Gilt Account or otherwise deal with them to extinguish partly or fully any amounts due to it from the Constituent without the express consent in writing of the Constituent.
- 2.6 To be prompt in distributing interest or redemption value in respect of the securities received or collected by him on behalf of the Constituent.
- 2.7 IGL shall be continuously accountable for the movement of securities in and out of custody account and shall provide complete audit trail, whenever called for by the Constituent or Reserve Bank of India.
- 2.8 To ensure that the operating procedures and systems are well documented and backed by operations manuals.
- 2.9 To maintain confidentiality in respect of the transactions done in the individual Gilt Accounts.
- 2.10 To keep custodial records electronically/ manually, to take precautions necessary to ensure that continuity in record keeping is not lost or destroyed and that sufficient back up of records are available at all times.
- 2.11 To create and maintain the records of securities held in custody in such manner that the tracing of securities or obtaining duplicate title documents is facilitated, in the event of loss of original records for any reason.

- 2.12 To extend to other custodial entities, depositories and clearing organizations, all such co-operation that is necessary for the conduct of business in the areas of inter-custodial settlements, transfer of securities and transfer of funds.
- 2.13 To have adequate internal controls to prevent any manipulation of records and documents and ensure proper discharge of obligations as given above.
- 2.14 To allow and provide all information to RBI in the inspection of the gilt accounts and records maintained relating to government securities, as and when required.
- 2.15 To comply with all the regulatory laws and to ensure timely submission of returns, reports , statements, undertaking etc. to RBI.

3. Liabilities and indemnities:

- 3.1 IGL shall act with due diligence, care and skill while discharging the work assigned to it by the Constituent and as specifically set out herein. However, IGL shall be liable for any direct loss, including interest, caused to the Constituent due to error or omission, fraud, bad faith, negligence or willful neglect or default caused by IGL or its Employees' action.
- 3.2 The Constituent hereby represents and warrants to IGL that the Securities and / or the Intimation note which will be lodged with IGL by the Constituent on purchase of Securities on behalf of the Constituent and which transactions will be recorded through the above said CSGL Account with RBI in the name of IGL, are the Securities of which the Constituent is true and rightful owner and that there are no defects in the title thereof and / or the Constituent is not aware of any defects in the title of the said securities and the Constituent is rightfully entitled thereto.
- 3.3 The Constituent shall indemnify and keep IGL indemnified and save harmless at all times from and against all claims, actions, demands, proceedings, costs, charges, expenses whatsoever which may be or caused to be incurred, suffered or paid by IGL and also which may be required to be paid to RBI by IGL in respect of the said Securities and / or the Intimation note lodged by the Constituent with IGL and which shall be held to the credit of IGL on behalf of the Constituent in the said CSGL Account.
- 3.4 The Constituent hereby requests and fully authorises IGL to execute all and any Indemnity Bonds, Declarations, Undertakings and all other deeds and documents in favour of RBI or any other person or persons entitled to have such Indemnity / Undertaking, Declaration, etc. in respect of the said Securities lodged with IGL by the Constituent for the purpose of conversion into stock in ledger form as also re-conversion and also for the purpose of the transactions which may be carried out in the said CSGL Account by IGL on behalf of the Constituent.
- 3.5 The Constituent shall also indemnify and keep IGL indemnified and save harmless IGL at all times and from time to time against all costs, damages, expenses, charges which may be incurred or suffered or paid by IGL by reason of IGL operating the said CSGL Account with RBI in the name of IGL for the purpose of recording the sale or purchase transactions in respect of the said Securities carried out by the Constituent.

4 REPRESENTATION AND WARRANTIES

Each Party further warrants that

- They are a Company duly organized and formed under the relevant laws of India. They are citizens of India or a person resident in India as per Indian Laws and are neither persons of criminal background nor are involved in / part of / assisting in any of the criminal activities/ offences.*
- They have the right, power and legal capacity to execute, deliver and perform this agreement and has taken all necessary action (corporate, statutory or otherwise) to authorize the execution, delivery and performance of this agreement.
- This agreement has been duly executed and delivered by each party and constitutes legal, valid, and binding obligations of such party, enforceable by the other party in accordance with its terms.
- They are registered with the relevant regulatory authorities under the relevant laws of the country and have not violated any of the rules, regulations, guidelines etc. framed thereunder and made applicable from time to time.*
- The execution and delivery of this agreement by each of the parties hereto and the performance of its duties and obligations hereunder do not result in a breach of any of the terms, conditions or provisions of trust, credit arrangement, note or other evidence of indebtedness, or any lease or other agreement or undertaking or any licence permit, franchise or certificate, to which each such party are a party or by which they are bound or to which they are bound or to which their properties are subject, or require any consent, authorization or approval under or pursuant to any of the foregoing or violate any statute, regulation, law, order, writ, injunction, judgement or decree to which such party is subject.
- They shall not use the name or any logo or mark of the other party in any manner whatsoever except as expressly agreed in advance in writing by the other party

*Strike of whichever is not applicable

5. Notice:

Any notice, communication or documents to be given by a party to the other party may be given by personal delivery, courier, registered post or fax at the address hereinafter mentioned. The notice shall be deemed to have been served upon the party to whom it is given, if given by personal delivery when so delivered and acknowledgment received, if given by post on expiration of three days after the notice etc., shall have been delivered to the post office and if given by fax upon transmission

thereof.
Notice to the Constituent:
Address

Designated Person:

Notice to the IGL:
Address

Designated person:

Changes in the designated person are to be communicated by a Constituentee / Principal Officer of the party desirous of changing its designated person to the other party.

6 Miscellaneous

- 6.1 Any confirmation advice or statement of SGL account which IGL may send to the Constituent shall be a conclusive evidence of the transactions undertaken on behalf of the Constituent and in the event of the Constituent not reverting to the IGL within 48 hours with any doubt or query regarding the same, it shall be presumed that transactions listed in such advice or statement have been verified by the Constituent and confirmed to be in order.
- 6.2 However, in case IGL erroneously provide SGL confirmation advice or a statement, IGL shall have the right to amend the statement or advice so provided within 48 hours on obtaining knowledge of the same.
- 6.3 The furnishing of the list of authorized signatories from time to time shall be deemed to be a confirmation by the Constituent to the effect that such signatories have been duly authorized under law and permitted under regulations currently in force to carry out the transactions in the name of the Constituent
- 6.4 The provisions of this agreement will always be subject to any rules, regulations and guidelines issued by RBI, the Government of India or any statutory or regulatory authority from time to time and shall to the same extent be applicable to Constituent. To such extent IGL shall be at its discretion to amend any of the terms and conditions of this agreement to bring them in line with the requirements of such regulation, law, rule or guidelines.
- 6.5 This agreement shall be executed in duplicate. IGL shall keep the original and the constituent shall keep a copy.
- 6.6 IGL shall at no time be bound to take cognizance of the rights or claims of any third parties in the securities put through the SGL account with RBI or the constituent's Gilt account with IGL.

7. Termination:

- 7.1 The Agreement can be terminated by either party by giving 30 days' notice in writing of such intention, unless provided for otherwise in this Clause.
- 7.2 Any breach, non-compliance, variation or deviation from any of the declarations, representations and undertakings by the either party would be construed as an event of default and reason for terminating this Agreement. This Agreement may be terminated by either party by notice in writing in the event of a material breach / default by the other party of any of the terms and conditions herein contained. Before giving any such notice of termination, the non-breaching/non-defaulting party shall give the breaching/defaulting party (i) at least 30 days' prior written notice and (ii) the opportunity to cure the material breach/default during such 30 days period.
- 7.3 This Agreement shall automatically terminate in the event that IGL /Constituent is refrained by law to do such business.
- 7.4 This Agreement shall automatically stand terminated in the event that IGL/ Constituent is declared insolvent or any distress, execution, liquidation or other process of the court is levied upon any property or assets of IGL / Constituent. In case of occurrence of any such event, such party shall immediately inform the other party of any such action taken against them.
- 7.5 This Agreement can be terminated by either party giving 30 days' notice in writing of such intention if any criminal proceedings are instituted against the other party or if a Receiver is appointed in respect of any of the properties or assets of the other party or if the other party makes any composition or arrangements with its creditors, and shall be subject of intimation to the other party of occurrence of any such event.

8. No lien or charge:

IGL will not have any lien or charge on the properties of the Constituent in its possession except to the extent mentioned below. However, the Constituent agrees to that if in case he/she/it fails to pay the charges, for continuous period of two months, as mentioned in Annexure A to this agreement for the services availed by him/her/them from IGL, IGL shall have the right to either mark a lien on such amount of securities or to deduct the due amount from the receipts of the Constituent to the extent the due is payable.

9. Waiver:

No failure or delay on the part of either party in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any failure or delay in exercise of such power, right or privilege preclude the other from further exercise thereof.

10 Force Majeure:

No party shall be liable for any failure to perform any of its obligations under this Agreement if the performance is prevented, hindered or delayed by a Force Majeure Event (defined below) and in such case its obligations shall be suspended for so long as the Force Majeure Event continues (provided that this shall not prevent the accrual of interest on a principal amount which would have been payable but for this provision). Each party shall promptly inform the other of the existence of a Force Majeure Event and shall consult together to find a mutually acceptable solution.

“Force Majeure Event” means any event due to any cause beyond the reasonable control of either party, including, without limitation, unavailability of any communication system, breach or virus in the processes of Payment and Delivery mechanism, sabotage, fire flood, explosion, acts of God, civil commotion, strikes or industrial action of any kind, riots, insurrection, war, acts of government, computer hacking unauthorized access to computer data and storage devices, computer crashes, etc.

11 Jurisdiction:

In the event of any dispute, both parties agree that the Courts at Mumbai shall always have the exclusive jurisdiction with regard to any matter/disputes arising in terms of this agreement.

12 Settlement Of Disputes:

Neither party shall be entitled to make any claim and or be liable to the other party whether in tort (including negligence) or in Agreement except as specifically provided in this Agreement.

Neither party hereto shall be entitled to claim any indirect, consequential or punitive damages from the other party.

The parties hereto shall endeavor to settle any disputes under this Agreement by arbitration as stated in clause 13 and in the event they are unable to do so shall refer the dispute to the courts of Mumbai, as provided for in Clause 11 above.

13 ARBITRATION

Any and all dispute or difference between the parties hereto, regarding the interpretation or meaning of any provision of this Agreement or regarding any claim of one party against the other or regarding any other matter arising out of this Agreement, the Parties shall, attempt in the first instance to resolve the same through negotiation/ Mutual Settlement initially between the persons responsible and then between the Managing Directors of both the Companies. If the dispute is not resolved through negotiation within 30 days after commencement of discussions then if not resolved within 30 days be referred to arbitration of a common arbitrator if agreed upon or to three arbitrators, one to be appointed by each party and the third arbitrator to be appointed by consent of the arbitrators appointed by each party. The arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996 along with its Rules thereof. The place of arbitration shall be at Mumbai and shall be conducted in English language. The decision of the arbitrator will be final and binding on the Parties. The Speaking order shall be in English.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written, in two counterparts, one such counterpart to be retained by the Constituent and the other by IGL.

Signed and Delivered by the withinnamed)
(Constituent’s Authorised Signatories)

Witnesses

1) _____]

2) _____]

IDBI Gilts Ltd. represented by
their constituted Attorneys

Witnesses

1) _____]

2) _____]