Dated: 14.01.2013

No. 1-9/BFCI/Staff Loan/12-13

To

All Circles’ IFA

SUB : MOU Signed with Canara Bank for extending various Loan Schemes to BSNL Employees.

MOU with Canara Bank for extending various loans to BSNL employees has been signed on 11th January, 2013. This agreement is valid from 01.11.2012 to 30.11.2013. The general terms and conditions and Rate of interest are given in Annexure- I, II and III of MOU.

A copy of the agreement has been placed on our intranet web site i.e. www.intranet.bsnl.co.in under the head Director (Finance) and sub-head Budget & Finance Control.

Encl: Copy of Agreement

Copy to:

1. The Assistant General Manager, Canara Bank, Retail Assets Hub, New Delhi-1.
IN-DL65079962718105L
08-Jan-2013 12:33 PM
IMPACC (IV)/ dl739603/ DELHI/ DL-DLH
SUBIN-DL DL73960329948761073268L
CANARA BANK
Article 5 General Agreement
NA
0
(Zero)
CANARA BANK
NA
CANARA BANK
100
(One Hundred only)
Act. 1956, having its registered office/corporate office at 3rd Floor, Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001, through Mr. Chandra Shekhar Gupta (Deputy General Manager), (duly authorised to enter into the present MOU), hereinafter referred to as “BSNL” (which term shall mean and include its successors in title, subsidiaries, associates, affiliates, and assigns) of the ONE PART.

AND

Canara Bank, a body corporate, constituted under the Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970, having its head office at: 112, J.C. Road, Bangalore - 560002, through Mr. Ashok Aggarwal (Deputy General Manager), (duly authorised to enter into the present MOU), hereinafter referred to as “Bank” (which term shall mean and include its successors in title, subsidiaries, associates, affiliates, and assigns) of the OTHER PART.

BSNL and Bank are collectively referred to as “the parties”.

WHEREAS:

1. M/s. Bharat Sanchar Nigam Limited (BSNL) is a company incorporated under the Companies Act, 1956 and has its registered office/corporate office at 3rd Floor, Bharat Sanchar Bhawan, Harish Chandra Mathur Lane, Janpath, New Delhi-110001. BSNL is the largest telecom operating company in India having 3.2 lakhs employees across the country.

2. To benefit its employees, BSNL desires a Special Loan Package for its entire staff strength on All India basis.

3. In pursuance of the above, vide letter Dated 27/11/2012, Ref No. 1-9/BFCI/Staff Loan 2012-13 BSNL invited Bank’s proposal for various loans facilities for its employees on all India basis.

4. Vide letter no. DCO/RAH MKTG 175/2012 dated 04.01.2013, Bank submitted its proposal incorporating the basic terms and conditions governing the loan along with the specimen copies of the agreements/documents required to be signed by BSNL’s employee(s) (hereinafter referred to as the “Borrower(s)”) at the time of taking the loan.

5. Consequently, Bank has, at the request of BSNL, agreed in principle to lend and provide loan facilities to BSNL employees/Borrower(s).
6. The Loan will be evidenced by the Loan Agreement and other Loan Documents (hereinafter referred to as the “Loan Documents”) to be executed between Bank and Borrowers. In consideration of the loan facilities, the parties have agreed to execute the present Memorandum of Understanding on the terms and conditions mentioned below:

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. That Bank shall grant the loan to BSNL’s employee(s) under the various head as per their requirement and the same are as follows:
   (a) Housing Loan including Repair and Renovation.
   (b) Car Loan/ Two Wheeler Loan (Canara Mobile)
   (c) Personal Loan (Canara Budget)
   (d) Educational Loan
   (e) Natural Calamity Loan

The loans under the various heads as mentioned above are collectively referred to as the “loan facilities”.

2. That the Purpose of loan, Maximum amount, Margin Money, Multiple of salary, and Eligibility etc. w.r.t. the loan facilities applicable in respective cases are annexed herewith as Annexure - I.

3. That the general terms and conditions are annexed herewith as Annexure - II.

4. That the Financial Quotations i.e. Floating Rate of Interest for the loan facilities applicable in respective cases are annexed herewith as Annexure III.

5. In respect of Education Loans, the same shall be as per FI scheme norms of the bank.

6. That the loan facilities shall be sanctioned by the appropriate authorities of the Bank with all the agreed concessions and relaxations.

7. That the maximum limits for the loan facilities are subject to the income/repaying capacity of Borrowers.

8. That the security for the loan facilities shall be as applicable on the respective schemes.
9. That salary mandate to be registered by BSNL for recovery of installments from the salaries of Borrowers and remittance to the respective branches.

10. Whenever there is revision in the ROI, the proposed revision in EMI to be communicated to M/S BSNL to effect revision in the salary mandate. Revised mandate to be got registered and kept with the loan papers.

11. That minimum net take home salary of 25% shall be maintained after meeting the loan installments.

12. That the loan shall be sanctioned in such a manner that at no stage the net take home salary after meeting loan installment is less that 25% of the gross salary after meeting all liabilities/deductions viz. GPF, EMI, Income Tax, Insurance etc. In case of reemployed persons/persons employed on compassionate ground, pension of employee shall be included for calculating 25% carry home salary.

13. That in case of retirement/resignation/termination/death of Borrower, BSNL undertakes not to release terminal benefits without obtaining prior written “No Objection Certificate” from the financing branch of Bank.

14. That the Bank shall not charge processing charges on the loan.

15. That the Bank shall charge the interest on monthly rests on the daily reducing balance basis. DDO's must pay the recovered amount of EMI from the salary of the employee latest by 15th of each month without fail. When the concerned DDO has made payment within due time, Bank shall not pass on interest charges to the borrowers owing to delay on bank’s behalf.

16. That Bank shall not charge penal interest for prepayment/foreclosure of loans in case the employee pays back the loan from his/her own sources. In case loan other than Housing Loans is taken over by other bank/institutions prepayment penalty @ 2% p.a. for the outstanding loan amount will be levied.

17. That repayment shall commence one month after disbursal of the loan.

18. That this deed shall be binding upon the parties, their successors and assigns.

19. That any notice, demand or request under this deed shall be in writing, and shall be delivered by personal service or shall be sent by postage prepaid, registered or certified mail, telexed, telexcopied or sent by person or overnight courier return receipt requested, addressed, if to the parties, at the respective address set forth in the heading of this deed, or at such other address as the addressee may designate in writing. Each notice, demand or request hereunder shall be deemed given on the date it is delivered, in the case of personal service, or the date it is deposited with the Postal Service, in the case of certified or registered mail.
20. That the parties shall hereby irrevocably submit to the exclusive jurisdiction of the Court and Tribunals in New Delhi for purposes of any suit, action or other proceeding which relates to this deed. However, if there is any default of EMI on the part of BSNL employee/borrower, the legal proceedings can be initiated at the respective place of disbursing branch.

21. That no amendment, notification or release from or waiver of any provision hereof shall be effective unless in writing and signed by the parties.

22. That this deed may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23. That this deed and the rights and obligations hereunder shall be construed in accordance with and governed by the substantive laws of India.

24. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.

25. In the event of any dispute or difference relating to: arising from or connected with this MOU, such dispute or difference shall be referred to either party to the arbitration of one of the Arbitrators in the Department of Public Enterprises to be nominated by the Secretary to the Government of India, in charge of Bureau of Public Enterprises. The Arbitration and Conciliation Act 1996 shall not be applicable to the Arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference, the dispute shall be decided by the Law Secretary, whose decision shall bind the parties finally and conclusively. The parties in the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

26. That the bank shall nominate at least one branch (in case their more than one branch of the bank) at each Secondary Switching Area(Telecom Revenue District) for sanction, payment of loan and payment of EMI recovered by BSNL. This MOU shall be binding upon both the parties on all India level.
27. Either party can terminate the MOU by giving a notice of 90 days in writing. However, all the clauses of the MOU shall be binding and enforceable in respect of outstanding loans and interest on the date of termination irrespective of such termination.

28. All other terms and conditions as per MOU shall be applicable on both the parties.

29. This agreement is valid from 1.11.2012 to 30.11.2013.

IN WITNESS WHEREOF, the parties have caused their respective Common Seal to be affixed to these presents on the day, month and year first hereinafore written, at New Delhi.

FOR M/S. BHARAT SANCHAR NIGAM LIMITED

(Mr. Chandra Shekhar Gupta)
Deputy General Manager(BFCI)
Bharat Sanchar Nigam Limited
Corporate Office, New Delhi

FOR CANARA BANK

(Mr. Ashok Aggarwal)
Deputy General Manager,
Canara Bank
Circle Office, New Delhi

WITNESS

Mr. Rakesh Kumar
Deputy Manager
Bharat Sanchar Nigam Limited
Corporate Office, New Delhi

WITNESS

[Signature]
Assistant General Manager,
Canara Bank, RAH
Circle Office, New Delhi
## ANNEXURE 1

RELAXATIONS UNDER VARIOUS RETAIL LENDING SCHEMES IN RESPECT OF LOANS TO THE EMPLOYEES OF BSNL ON ALL INDIA BASIS

<table>
<thead>
<tr>
<th>SCHEME</th>
<th>PURPOSE</th>
<th>QUANTUM</th>
<th>TO WHOM</th>
<th>MARGIN</th>
<th>REPAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing loan Rs 30 lacs</td>
<td>Purchase of plot and construction of house thereon</td>
<td>100 months basic pay or confirmed employee's gross salary with 5 years of service or a maximum of Rs. 30 lacs</td>
<td>Minimum 20%</td>
<td>Maximum of 360 months or date of retirement of the employee whichever is earlier</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Purchase of ready built house. Purchase of flat from Housing board/development agency/private builders.</td>
<td>For repairs and renovation maximum of Rs. 7.50 lacs</td>
<td></td>
<td></td>
<td>84 months</td>
</tr>
<tr>
<td></td>
<td>Purchase of new / Used Car</td>
<td>20 times of basic pay subject to a maximum of Rs 5.00 lacs</td>
<td></td>
<td></td>
<td>60 months</td>
</tr>
<tr>
<td>CANARA MOBILE 4 wheeler</td>
<td>Purchase of new Motorcycle/Scooter/Moped</td>
<td>10 times of basic pay with a maximum of Rs. 50000/-</td>
<td></td>
<td></td>
<td>60 months NOT APPLICABLE</td>
</tr>
<tr>
<td>CANARA BUDGET</td>
<td>To meet genuine personal financial requirements</td>
<td>10 times of gross salary subject to a maximum of Rs. 5.00 lacs</td>
<td>Confirmed employees</td>
<td></td>
<td>30 Months</td>
</tr>
<tr>
<td>NATURAL CALAMITY</td>
<td>To meet financial needs of families of BSNL employees affected by natural calamities</td>
<td>5 times of Basic pay or Rs 50000/- whichever is less</td>
<td>Confirmed employees with minimum 3 years of service</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Signature:*

[Signature]

**For CANARA BANK**

[Signature]
ANNEXURE II

GENERAL TERMS AND CONDITIONS IN RESPECT OF VARIOUS RETAIL LENDING LOANS TO THE EMPLOYEES OF BSNL, ON ALL INDIA BASIS

1. SALARY MANDATE TO BE DULLY REGISTERED WITH THE SALARY DISBURSING AUTHORITY.

2. The maximum limits for the above loans quoted are subject to the income / repaying capacity of the employees.

3. Except Housing loan, repayment to commence one month after availing the loan.

4. In respect of Housing loan commencement of repayment shall be as per Housing loan scheme.

5. In respect of housing loans, maximum dwelling unit per borrower shall not be more than 2 units to be covered under the package.

6. Minimum net take home salary of 25% to be maintained after meeting the proposed loan installment.

7. The loan will be sanctioned in such a manner that at no stage the net take home salary after meeting proposed loan installment is less than 25% of the gross salary.

8. No processing charges will be charged on the loans.

9. The interest will be charged on monthly rests on the daily reducing balance basis. The rates are linked to BASE RATE.

10. All the concessions are applicable for fresh loans only.

11. Minimum amount of the loan will be Rs 25000/- in the case of Natural calamity advance and Two wheeler advance. In all other cases, it will be Rs 50000/- per occasion. However the bank can give loan for a lesser amount also at its own discretion.

12. No rollover is permitted.
<table>
<thead>
<tr>
<th>Nature of loan</th>
<th>Repayment period</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing loans upto Rs.30 lacs</td>
<td>Upto 10 years</td>
<td>BASE RATE i.e., 10.50%</td>
</tr>
<tr>
<td></td>
<td>&gt;10 years &amp; upto 30 yrs</td>
<td>BASE RATE + 0.25% i.e. 10.75%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BASE RATE + 0.25% i.e. 10.75%</td>
</tr>
<tr>
<td></td>
<td>4 Wheeler: 84 Months</td>
<td>BASE RATE + 2.75%, presently 13.25% p.a.</td>
</tr>
<tr>
<td></td>
<td>2 Wheeler: 60 Months</td>
<td>BASE RATE + 3%, presently 13.50% p.a.</td>
</tr>
<tr>
<td>Canara Mobile</td>
<td>60 months</td>
<td></td>
</tr>
<tr>
<td>Canara Budget</td>
<td>30 months</td>
<td></td>
</tr>
<tr>
<td>Natural Calamity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>