**AGREEMENT FOR HYPOTHECATION OF GOODS OF BUSINESS HOUSE**

This Agreement made at……………..on this……………..day of.....................20…………… between Shri……………..son of at present carrying on the business at……………..of……… in the name and style of M/s . ……………..as Proprietor(hereinafter referred to as the "Borrower") of the ONE PART and.....................Bank, a company incorporated under the Companies Act, 1956. and having its registered office at……………..and having amongst other place a branch at…………….. (hereinafter referred to as the "Bank") of the OTHER PART.

WHEREAS the Borrower is in need of a sum of Rs…………….. and a credit facility of Rs……………for his day to day business purposes;

AND the Borrower approached the Bank to lend Rs . ..................... and grant credit facility of Rs ……………..which the Bank has agreed on the Borrower executing these presents.

NOW THEREFORE THESE PRESENTS WITNESSETH

(1) That in pursuance of the said Agreement and in consideration of the Bank having granted a loan of Rs ……………..and to grant credit facility upto an amount of Rs ……………..for his day to day business purposes to the Borrower and in consideration of the premises aforesaid, it is hereby agreed and declared that all present and future goods, book debts and all other movable assets of the Borrower including documents of title to the goods, outstanding moneys,

receivables including receivable by way of cash assistance and/or cash incentives under the Cash Incentive Scheme or any other Scheme claims including claims by way of refund of customs/excise duties under the Duty Drawback Credit Scheme, or any other Scheme, bills,

invoices, documents, contracts, insurance policies, guarantees, engagements, securities, investments and rights and the present equipments, computers, accessories and machineries listed in the Schedule hereunto and all future equipments, computers, accessories and machineries belonging to or in the possession or under the control of the Borrower wherever lying stored and kept and whether in possession of the Borrower or of the Bank or of any third party whether in India or elsewhere throughout the world (including all such goods, other movable assets as may be in course of shipment transit or delivery) (hereinafter referred to as "the said goods and assets") shall stand hypothecated to the Bank by way of first charge (subject, however, to any charge in favour of any third party which may have been notified by the Borrower and accepted by the Bank as having priority over its own charge) as security for payment and Rs…………….. (Rupees……………..only) and all other moneys at any charge by the Borrower to the Bank on demand of a sum of Rs . …………….. time payable by the Borrower to the Bank under or in respect of all or some or any of the aforesaid credit facilities granted to the Borrower by the Bank from its……………..Branch or any other off ice/branch of the Bank (whether in India or elsewhere and whether accrued, accruing or contingent and whether solely or jointly with others).

(2) It is hereby agreed and declared that the Bank shall charge interest on the outstanding(s) in the accounts opened in respect of the aforesaid credit facilities at the rate of……………..% per annum. However, the said rate can be varied depending upon the directives issued by the Reserve Bank of India in this regard from time to time. If the Bank charges interest at a concessional rate or rates because of the credit facilities being granted by the Bank to the Borrower under the Interest Subsidy Scheme or any other Scheme(s) formulated by the Government and/or Reserve Bank of India and/or any other authority from time to time, the Borrower agrees, declares, confirms and affirms that in the event of the withdrawal, modification and/or variation of such Scheme(s), the concessional rate or rates of Interest shall stand withdrawn and the Bank will start to charge usual rate or rates of interest as applicable to such credit facilities and the Borrower shall pay to the Bank on demand the difference between such concessional rate or rates and the usual rate or rates of interest of the Bank applicable at the material time to such credit facilities and such difference shall become due and payable by the Borrower to the Bank from the date of withdrawal, modification and/or variation of such Scheme(s) becomes effective, interest shall be calculated respectively on the daily balance of such account(s) and be debited thereto on the last working day of the month.

(3) That the Borrower declares and agrees that he will maintain a sufficient quantity and market value of the said goods and assets to provide the margins of security required by the Bank from time to time and if Bank feels any time that the margin of security is less, then the

Borrower shall provide further goods and assets to restore such margins or pay the Bank the equivalent in cash. The Bank may at its sole and absolute discretion change the margin of security between the market value of the said goods and assets and amount lent and the Borrower shall be bound by it notwithstanding any margins earlier agreed to by the Bank.

(4) The Bank may get the value of the goods and assets hypothecated, assessed by an appraiser appointed by the Bank and the Borrower shall render/give all assistance/co operation to such appraiser. The fees and expenses of such appraisement shall be borne by the Borrower and if not paid on demand will be debited to the Borrower's account and shall be a charge on the security created hereunder.

(5) The Borrower shall keep all the goods and other movable hypothecated or otherwise charged to the Bank as security for the aforesaid credit facilities in good condition and fully insured against loss or damages as may be required by the Bank due to any reason whatsoever and particularly the machineries hypothecated to the Bank against the fire and or such other risk(s) as the Bank may from time to time stipulate in the joint names of the Borrower and the Bank, with an insurance company approved by the Bank and for such amount as the Bank may consider necessary and that the insurance policies shall be delivered to the Bank. If the Borrower falls to effect or renew such insurance, the Bank may, but without being obliged to do so, insure the said goods and other assets against the fire and other risks in joint names and debit the premium and other charges to the Borrower's account. In case of loss, or damage to the goods or assets insured by the Borrower or the Bank and the claim is made by the Borrower, the amount of compensation shall be received by the Bank. The Borrower hereby authorises the Bank to adjust, settle, compromise or referred to arbitration any dispute arising under or in connection any insurance and such adjustment, settlement, compromise and any award made on such arbitration shall be valid and binding on the Borrower and also to receive

all moneys payable under any such insurance or under any claim made thereunder and to give a valid receipt therefor, and that the amount so received shall be credited to the Borrower's account and the Borrower shall not raise any question that a larger sum might or ought to have been received or be entitled to dispute his liability for the balance remaining dues on any account or accounts after such credit, provided that the Bank may at its own absolute and unqualified discretion waive all or any of these requirements.

(6) That the borrower agrees and confirms that the Bank, its Agents and Nominees shall be entitled, at all reasonable hours to enter any place where the goods and assets hypothecated are kept and inspect, and/or take particulars of all or any part of the said goods and assets and check any statements, accounts, reports, information and for the purpose of such entry to do all acts, deeds and things deemed necessary by the Bank including breaking open of any place where the hypothecated goods and assets and the books of account or other documents relating to the hypothecated goods and assets may be lying or stored or kept. If the Borrower commits default in payment of any money hereby secured or the performance of any obligation or any incident occurs which in the opinion of the Bank endangers this security the Bank will be authorised to take charge of, seize, recover, receive, take possession of, inter alia, by puffing its locks on the godowns and other places whether the hypothecated goods or assets, account books or other documents relating to the hypothecated book debts are lying or kept, and to appoint receiver or receivers to take charge of the said goods and assets and also all books of accounts, papers, documents and vouchers and other records relating thereto. The said receiver or receivers shall also be authorised to give notices and demands to debtors and third, parties liable therefor sue for recovery, receive and give receipts for the same and/or sell, realise, dispose off and deal within any manner including by tender or public auction or private contract and whether with or without the intervention of Court all or any part of the said goods and assets and to enforce, realise, settle, compromise, submit to arbitration and deal in any manner with any rights and debts or claims relating thereto and to complete any engagements and carry on the business of the borrower through agents, managers or otherwise. The Bank will not be bound to exercise any of these powers or be liable for any loss in the exercise thereof.

(7) That the Borrower will submit to the Bank monthly statements of the goods and assets hypothecated to the Bank in form prescribed by the Bank from time to time with list of current insurance policies and amounts verified by certificates of the Borrower that the quantitie's and

amounts stated are correct and that all the said goods and assets are fully covered by insurance. The Borrower agrees and undertakes to execute all documents and do all acts and things which the Bank may require to give effect hereto and the Borrower appoints the Bank and each of its Agents and Nominees as Attorney to do acts, things and deeds under these presents for and In the name of the Borrower.

(8) That the Bank's rights or remedies shall not be prejudiced in respect of any present or future security, guarantee, obligation or decree for any indebtedness or liability of the Borrower to the Bank.

(9) That the Borrower declares and confirms that all the goods and assets hypothecated hereunder are at present in existence and all the said goods and assets over which security may be created hereafter for all or some or any of the aforesaid credit facilities will be in existence at the time of creation of such security and are or shall be the absolute property of the Borrower at his/its sole disposal and free from any prior charge, lien or encumbrance except such charge, lien or encumbrance as have been notified to the Bank and accepted by it as having priority over its charge. It is hereby agreed and declared by the Borrower that whenever he will furnish security of any goods and assets to the Bank in future, the said goods and assets shall be unencumbered and disposable property of the Borrower and the Borrower shall not without the Bank's prior permission create any mortgage, charge, lien or encumbrance of any kind upon or over the same or on the undertaking property (whether movable or immovable) and assets except to the Bank nor suffer any such mortgage, charge, lien or encumbrance to

affect the same or any part thereof, nor do or allow anything that may prejudice the security while the Borrower remains indebted or liable to the Bank in any manner without Bank's prior consent in writing. The Borrower shall also not borrow from other banks or financial institutions

without the Bank's prior consent in writing.

(10) Subject to the Bank's rights, powers and privileges under this agreement or otherwise, the Borrower, in the course of business may sell, dispose off or otherwise deal in the goods and assets hypothecated to the Bank, provided the margins of security are always maintained and on the terms that the Borrower shall make payment or deliver the proceeds of the goods or assets hypothecated, disposed off or transferred and the Borrower shall maintain separate accounts of the realisations, recoveries and insurance proceeds thereof of goods and assets hypothecated and all rights and interests in respect and all documents therefor and the Bank will be entitled to inspect the said account at any time.

(11) That the Bank shall not be liable for any loss or damage to the goods and assets hypothecated to the Bank in terms of this Agreement from or in whatever cause or manner arising, whether such goods and assets shall be in the possession of the Bank or not at the time of such loss or damage, or the happening of the cause thereof. The Borrower shall at all times indemnify and keep indemnified the Bank and its agents, officers or nominees from and against all suits, proceedings, costs, charges, claims and demands whatsoever that may at any time arise or be brought or made by any person against the Bank and its agents, officers or nominees in respect of any acts, matters and things lawfully done or cause to be done by the Bank or its agents, officers or nominees in connection with the said goods and assets or in pursuance of the rights and power conferred to it or under this Agreement

(12) That the Borrower shall display the Bank's name on the go down, factory and other places, where such goods and assets hypothecated to the bank and against which credit limits have been granted under these presents indicating that such goods and assets are hypothecated to the Bank

(13) All the machineries, equipments and accessories (whether affixed with the land or building or not) hypothecated and charged to the Bank shall be treated as movable property and not as an immovable property and shall bear the name of the Bank indicating that the said machineries, equipments and accessories are hypothecated and charged to the Bank. The Borrower shall also exhibit in the factory at a conspicuous place a list showing the items of machineries, etc. hypothecated and charged to the Bank.

(14) The Borrower shall pay all rents, rates, taxes, cesses, assessments and outgoings in respect of the said assets and machineries hypothecated to the Bank and if the Borrower makes default in making such payment, the Bank may without being obliged to do so, pay the same and the said sum shall be payable by the Borrower on demand, failing which the amount expended by the Bank shall be debited to the Borrower's account and shall be charged on the goods and assets.

(15) Any notice to be served to the Borrower hereunder may be given by the Bank by sending at the address given above by post, by registered acknowledgement due or by personally delivering the same to the Borrower at its office.

(16) All costs, charges and expenses incidental to these presents or of and incidental to or in connection with this security as well for the assertion or defence of the rights of the Mortgagee as for the protection and security of the goods and assets hereby hypothecated or for the exercise or any of the powers contained in these presents shall be paid by the Borrower on demand to the Mortgagee with interest thereon at the rate aforesaid from the time of the same having been so incurred and that until such repayment to the same shall be a charge on the goods and assets.

(17) This Agreement shall be executed in duplicate, the original shall be retained by the Bank and the duplicate by the Mortgagee.

IN WITNESS WHEREOF, the parties have executed these presents, the day and year first hereinabove written.

The Schedule above referred to

WITNESSES

1 Signed, sealed and delivered by Shri……………..for and on behalf of M/s ……………..as proprietor

2. Signed by……………..Bank through the hands of Shri ……………..Branch Manager of..............Branch, its authorised official for and on behalf of the Bank