**AGREEMENT OF PLEDGE OF MOVABLES**

This Agreement made at……………..this……………..day of..................20…………….. between A, son of……………..resident of..............., hereinafter called the borrower, of the ONE PART and...........Bank, a company incorporated under the Companies Act, 1956 and having its registered office at……………..and one of its branch at..................hereinafter called the Bank of the OTHER PART.

WHEREAS the borrower has approached the Bank to grant an advance of Rs . …………….. for his business purposes, which the Bank has agreed in the manner hereinafter expressed:

NOW IT IS HEREBY AGREED BETWEEN THE PARTIES AS FOLLOWS:

(1) In pursuance of the said Agreement and in consideration of the Bank having granted a sum of Rs ……………..to the Borrower and in consideration of the premises aforesaid it is hereby agreed and declared that the goods, book debts, movables and other assets mentioned in the Schedule hereto which or the documents of title to which have been already deposited and the goods, book debts, movable and other assets which or the documents of title to which approved by the Bank shall be hereafter deposited with the Bank under this Agreement shall be placed in the Bank's possession and under its absolute disposition in such manner that such possession and disposition may be apparent and indisputable notwithstanding the fact that the Borrower is permitted by the Bank to have access to the said goods, book debts, movables and other assets for the limited purpose of carrying on manufacturing activities and that during such time the Borrower confirms, affirms and covenants with the Bank that he shall be so doing as a trust for the Bank and for which purpose the Bank may without prejudice to the duties of the Borrower hereunder do all such acts and things, sign such documents and pay and incur such costs, charges and expenses as may be necessary and said goods, book debts and other movable assets (hereinafter referred to as "the said assets") are and shall be hereby pleged to the Bank as security for payment and discharged by the Borrower to the bank on demand of the said sum of Rs ……………..(Rupees……………..only) together with interest @……………. % p.a., and all other moneys at any time payable by the Borrower to the Bank.

(2) In consideration of the said loan, the borrower hereby personally promises to repay the said advance of Rs . ……………..interest thereon @ ……………..% per annum from these presents, the expenses of storing and warehousing the said assets, and all other costs, charges and expenses (if any) which the borrower is liable to pay under law.

 (3) The Bank shall charge interest on the amount advanced @ Rs . ………..p.a. However, such rate shall be subject to changes in accordance with the directions issued by the Reserve Bank of India from time to time. If Bank charges interest at a concessionary rate or rates because of the loan granted to the borrower by the Bank 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 concessionary rate or rates of interest shall stand 'withdrawn and the usual rate or rates of interest of the Bank applicable at the material time to such advances shall become effective and the bank shall become entitled to charge the Borrower such rate or rates of interest and the Borrower shall pay to the Bank on demand the difference between such concessionary rate or rates and the rate or rates of interest of the Bank applicable at the material time to such advances and such difference shall become due and payable by the Borrower to the Bank from the date the withdrawal, modification and/or variation of such Scheme(s) become effective.

It is also agreed that interest shall be calculated on the daily balance of the advance and be debited thereto on the last working day of the month or quarter according to the practice of the Bank. The Bank shall also be entitled to charge interest at the enhanced rates, if the borrower does not pay the interest and instalments or commits irregularity.

(4) That the Borrower agrees, declares and undertakes that he will at all times maintain a sufficient quantity and market value of the said assets to provide the margins of security required by the Bank from time to time and will forthwith whenever necessary provide further assets to restore such margins or pay the Bank the equivalent in cash. The Bank may change the margins and the Borrower shall be bound by it notwithstanding any margins earlier agreed to by the Bank

(5) That the Bank shall be at liberty to have any of the said assets that may be pledged as aforesaid valued by an appraiser appointed by the Bank and the Borrower shall render/give all assistance/co operation to such appraiser and the fees and expenses of such appraisement shall be added to the amount advanced and shall be a charge on the security created hereunder.

(6) That all the said assets subject to this Agreement shall be kept at the Borrower's risk and expenses in good condition and the said assets will be insured by the borrower against fire and/or such other risk(s) as the Bank may from time to time stipulate in the joint names ofthe 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 Borrower shall deliver the insurance policies to the Bank. If the Borrower fails to effect such insurance the Bank may, but without being obliged to do so, insure the said assets. The Bank shall be entitled to adjust, settle, compromise or refer to arbitration any dispute arising under or in connection with any insurance and such adjustment, settlement, compromise and any award made on such arbitration shall be valid and binding on the Borrower and he shall not challenge or object to such adjustment, settlement, compromise and arbitration award. The Bank shall also be entitled 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 objection that a larger sum might or ought to have been received or be entitled to dispute his liability for the balance remaining due on any account or accounts after such credit.

(7) That the Bank, its officers, employees, Agents and Nominees shall be entitled at all reasonable times without notice to the Borrower and at the Borrower's risk and expenses and in the name of the Borrower to enter any place where the said assets for the time being pledged to the Bank may be and inspect, value, insure, superintend disposal and/or take particulars of all or any part of the said assets and check any statements, accounts, reports and information and also on any default of the Borrower in payment of any money hereby secured or the performance of any obligation of the borrower to the Bank or the breach of any of the terms of this Agreement or the occurrence of any circumstances in the opinion of the Bank endangering this security, to take possession of the assets pledged and to sell by public auction or private contract or otherwise dispose off or deal with all or any part of the said 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 carrying on the business of the Borrower through Agents, Managers or otherwise without being bound to exercise any of these powers. However, the Bank will not be liable for any loss in the exercise of the powers exercised by its officers, employees, nominees or agents under this clause and exercise of such rights shall be without prejudice to the Bank's rights and remedies of suit or otherwise and notwithstanding there may be any pending suit or other proceedings the Borrower undertaking to give immediate possession to the Bank on demand of the said goods and assets and to give notices to debtors as and when required by the Bank to transfer and deliver to the Bank all relative bills, contracts, securities, papers and documents and agreeing to accept the Bank's accounts of sales receipts and realisation as sufficient proof

of amounts realised and relative expenses and to pay any shortfall or deficiency thereby shown. The Bank shall apply the money or moneys recovered, realised or received in or towards payment of any amount for the time being payable to the Bank in respect of all or some or any of the aforesaid advance granted by the Bank and to recover from the Borrower by suit or otherwise the balance remaining payable to the Bank in respect of the aforesaid advance or loan or otherwise notwithstanding that all or any of the securities may not have been realised.

(8) That the borrower shall keep a register of the assets pledged by him as security and the said register shall be at all times open to the inspection of the Bank. The Borrower shall if so required by the Bank furnish to the Bank daily, a copy of all the entries which shall have been made in the said Register of the previous date.

(9) That this Agreement shall operate as a continuing security for the moneys advanced by the Bank, interest, costs and expenses payable thereon notwithstanding the existence of a credit balance on the account or accounts at any time.

(10) That the Borrower declares and assures that all the assets for the time being pledged to the Bank hereunder and are at present in existence and all the assets over which security may be created hereafter for all or some or any of the aforesaid advance and are in existence at the time of such creation of security are and shall be the absolute property of the Borrower at the sole disposal of the Borrower and free from any prior charge, lien or encumbrance except such

charge, lien or encumbrance as may have been notified to the Bank and accepted by it as having priority over its charge and that all the future assets to be given as security to the Bank shall be likewise the unencumbered, absolute and disposable property of the Borrower and the Borrower shall not without the Bank's prior written 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 not suffer any such mortgage, charge, lien or encumbrance to affect the same or any part thereof, not do or allow anything that may prejudice the security while the Borrower remains indebted or liable to the Bank in any manner without the Banks prior written consent. The Borrower shall also not resort to outside borrowings without the Bank's prior permission in writing.

(11) That the Bank shall not be liable to the Borrower or any person or persons for any loss or damage to the assets pledged to the Bank under 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, its officers, agents and 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 in respect of any acts, matters and things lawfully done or caused to be done by the bank, its officers, agents and nominees in connection with the said assets or in pursuance of the exercise of rights and powers granted to the Bank, its officers, agents and nominees under this Agreement.

(12) That the Borrower shall display the Bank's name on the shop, factory, office and other places where such assets pledged to the Bank have been kept or stored indicating that such assets are pledged to the Bank.

IN WITNESS WHEREOF the parties hereto have set and subscribed their respective hands and seals the day and year first hereinabove written.

The Schedule above referred to

WITNESSES

1. Signed and delivered by the withinnamed Borrower A
2. Signed, and delivered by the withinnamed Bank, ................. , through the hands of Shri……………..

2. Branch Manager……………..Branch ……………..its authorised official