**Deed of Pledge**

**THIS DEED OF** **PLEDGE** executed at \_\_\_\_\_\_\_\_\_\_ this \_\_\_\_\_\_ day of \_\_\_\_\_\_\_ 200\_\_ between M/S. ABC LTD., a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“THE PLEDGOR”** (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors) of the **ONE PART**; AND XYZ LTD., a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter referred to as **“THE PLEDGEE”** (which expression shall unless it be repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the **OTHER PART**;

**WHEREAS:**

(a) By an Agreement of Loan dated \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_ 200\_\_\_, the Pledge has agreed to lend and advance to the Pledge an amount not exceeding the sum of Rs. \_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) on the terms and conditions stated therein. The aforesaid Agreement of Loan dated \_\_\_\_\_\_\_ day of \_\_\_\_ 200\_\_\_\_\_ is hereinafter referred to as **“the said Agreement of Loan”**.

(b) The Pledge

is the beneficial owner of fully paid-up equity shares of Rs. 100/- each of (\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) and more particularly described in the **Schedule** hereunder written. (here in after referred to as **“the said Shares”**) and which said shares are listed on various Stock Exchanges.
The said shares are dematerialized and are lying in
Pledge’s Depository Account bearing No. \_\_\_\_\_\_\_\_\_\_\_\_ with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as Depository Participant.

(c) One of the conditions contained in the aforesaid Agreement of Loan is that the Pledge shall as security for due re-payment of the amounts repayable by the pledge under the said Agreement together with interest thereon, **pledge the said shares** in favour of the Pledge.

(d) The parties hereto are desirous of recording the terms of the said pledge agreed between them.

NOW THIS INDENTURE WITNESSETH and records as under:-

**1.** In pursuance of the said Agreement of Loan and in consideration of the Pledge having agreed to grant/granted to the Pledge the said loan on the terms and conditions provided in the said Agreement of Loan, as and by way of security for repayment of all amounts payable by the Pledge to the Pledge under the said Agreement of Loan and in the manner provided therein the Pledge hereby pledges the said shares described in the Schedule hereunder written.

**2.** It is hereby recorded and confirmed that with a view to giving effect to the said pledge, the Pledge has, on execution hereof, given instructions to It’s Depository participation to transfer the said shares to the Depository Account of the Pledge. Henceforth, the Pledge alone shall be entitled to the said shares as also to bonuses, rights, dividends etc. receivable on the said shares including to all the benefits directly and/or indirectly attached to the said shares in It’s own name subject to its rendering accounts thereof to the Pledge.

**3.** The provisions contained herein shall be read in conjunction with the provisions of the said Agreement of Loan as amended from time to time and it is agreed that to the extent of any inconsistency or repugnancy the provisions of the latter shall prevail to all intents and purposes.

**4.** The Pledge hereby appoints the Pledge as its attorney and authorizes the Pledge to act for and in the name of the Pledge to do, at the cost of the Pledge, all acts and things required to be done under these presents and generally to use the name of the Pledge in the exercise of all or any of the powers by these presents conferred on the Pledge and available in law to a Pledge. The above authorization in favour of the Pledge is irrevocable and unconditional.

**5.** In the event of any breach or default by the Pledge of the terms of the said Agreement of Loan or of the terms hereof or in the event of the security created in favour of the Pledge becoming enforceable for any reason whatsoever or the occurrence of any circumstance diminishing and/or endangering the security herein:-

(a) The Pledge or its nominees shall, without any notice and without assigning any reason and at the risk and expense of the Pledge, and if necessary as Attorney for and in the name of the Pledge sell the said shares or any of them in the manner it thinks appropriate and apply the proceeds thereof firstly towards cost of the sale and balance towards discharge of Pledge’s liability under the said Agreement of Loan.

(b) The Pledge shall accept the Pledge’s account of sale and realization as sufficient proof of amounts realized and relative expenses and pay on demand by the Pledge any shortfall or deficiency therein.

 Provided also that the Pledge shall not be in any way liable or responsible for any loss or depreciation in value of the said shares for any reason and that all such loss or depreciation in value howsoever caused shall be wholly to the account of the Pledge and debited accordingly.

(c) If, after adjusting all the dues of the Pledge in terms hereof as also under the said Agreement of Loan, there is any surplus, the Pledge shall pay over the same to the Pledge.

(d) In no case and circumstance, the Pledge shall be entitled to dispute the aforesaid acts, deeds and accounts of the Pledge and shall accept the same without questioning.

**6.** Subject to all the rights of the Pledge, the Pledge, in ordinary course of business, may from time to time, sell and repurchase the said shares or any of them dependant on the nature, trend and circumstances of the stock market and such decisions and acts of the Pledge shall remain binding on the Pledge. However, all advantages, if any, arising out of such dealings shall be for the benefit of the Pledge and added to the value of the security.

**7**. It is further agreed and recorded as under:—

(a) Henceforth, the Pledge shall not create any kind of third party rights or encumbrances of whatsoever nature on the said shares whereby the Pledge’s security as recorded herein is in any manner affected.

(b) The Pledge may at any time request the Pledge to sell the said shares and/or any part thereof and the pledge if it deems fit and proper may at its option do so and receive the consideration directly in its favour.

**8.** This security shall be a continuing security for repayment of the outstanding Loan together with the accrued and outstanding interest and all cost, charges and expenses incurred on account of the Pledge and for repayment of all other monies due to the Pledge under the said Agreement of Loan and under these presents and the liability of the Pledge shall not be affected or impaired or discharged by reason of the winding up (voluntary or otherwise) or merger, amalgamation, reconstruction, nationalizations or to takeover of management of the Pledge with any other company.

**THE SCHEDULE ABOVE REFERRED TO:**

(Description of the said shares)

\_\_\_\_\_\_\_\_\_ Number of shares of one \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ together with its bonuses, rights, dividends etc. as also all other rights and benefits directly and/or indirectly attached to the said shares.

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

THE COMMON SEAL OF )

ABC LTD., the PLEDGOR )

Above named is hereunto affixed )

Pursuant to the Resolution of its )

Board of Directors passed in )

That behalf, on the \_\_\_\_\_\_ day of )

\_\_\_\_\_\_\_\_\_\_\_ 200\_\_ in the presence of )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Managing )

Director and (2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_, )

Director and in the presence of …. )

THE COMMON SEAL OF )

XYZ LTD., the PLEDGEE )

Above named is hereunto affixed )

Pursuant to the Resolution of its )

Board of Directors passed in )

That behalf, on the \_\_\_\_ day of )

\_\_\_\_\_\_\_\_\_\_\_ 200\_\_ in the presence of )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Managing )

Director and (2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_, )

Director and in the presence of …. )