



CITY UNION BANK LIMITED

AGREEMENT OF LOAN CUM HYPOTHECATION

(To be stamped as an Agreement + Hypothecation + Indemnity + General Power of Attorney)

(Not to be attested)

THIS AGREEMENT executed this _____ day of _____ Two thousand _____
in favour of **CITY UNION BANK LTD.**, a banking company registered under the Companies Act, 1956, having its Central
Office at 149, T.S.R. Big Street, Kumbakonam – 612 001 and amongst other places a branch at _____
(hereinafter called "**the Bank**" which expression shall include its successors and assigns)

BY

Shri/Smt./Kum. _____ Son of /
Wife of / Daughter of _____ residing at _____

Shri/Smt./Kum. _____ Son of /
Wife of / Daughter of _____ residing at _____

Shri/Smt./Kum. _____ Son of /
Wife of / Daughter of _____ residing at _____

Shri/Smt./Kum. _____ Son of /
Wife of / Daughter of _____ residing at _____

M/s. _____ carrying on
business at _____
represented by _____

M/s. _____
a company incorporated and registered under the Companies Act 1956,
and having its Registered Office at _____
represented by its _____

hereinafter referred to as "**the Borrower**" (which expression shall unless repugnant to the context or meaning thereof shall be deemed to include more than one individual depending upon the constitution/legal status of the Borrower, his/her/their respective heirs, executors, administrators, legal representatives, successors and permitted assigns).

(1) WHEREAS at the request of the Borrower, the Bank has agreed to sanction / sanctioned for the business purpose of the Borrower the credit facilities mentioned below for sums not exceeding Rs. _____
(Rupees _____

_____ only) (hereinafter collectively and individually referred to as "**the said credit facilities**")

<u>S. No.</u>	<u>Nature of credit facility</u>	<u>Amount of loan / Limit</u> (Rupees)
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(2) AND WHEREAS one of the conditions specified and agreed to by the Borrower is that the Borrower shall as security for due payment of the said sum set out in the **clause (1)** above and interest, discount, commission, charges and costs and expenses payable to or incurred by the Bank in relation thereto, **hypothesize by way of first charge** all the Borrower's goods, book debts and all other movable assets,
Whereas the Bank has requested the Borrower to execute these presents which the Borrower has agreed to do in the manner hereinafter expressed.

"NOW therefore these presents witnesseth

That in pursuant of the sanction/grant of the said credit facilities and in consideration of the Bank having granted and / or agreed to grant to the Borrower all or some or any of the aforesaid credit facility for the purpose and subject to the terms and conditions specified in the sanction letter (s) dated _____, _____, _____, 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 receivables by way of cash assistance and / or cash incentives under the Cash Incentive Scheme or any other Scheme claims including by way of refund of customs/excise duties under the Duty Draw Back Credit Scheme or any other Scheme, bills, invoices, documents, contracts, insurance policies, guarantees, engagements, securities, investments and rights and the present machinery and equipments/accessories/tools and vehicle (s) listed in the Schedule (s) hereunto and all future machinery/equipments/accessories/tools and vehicle (s) 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 due 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 have been notified by the Borrower and accepted by the Bank as **having priority** over its own security) as security for the payment and discharge by the Borrower to the Bank on demand a sum of Rs. _____

(Rupees _____

only)

and all other moneys at any time payable by the Borrower under or in respect of all or some or any of the said credit facilities granted or to be granted to the Borrower and also as security for the payment and discharge of all indebtedness whatsoever or liability of the Borrower to the Bank in respect of any liability undertaken by the Bank under any Letter of Credit opened or Guarantee or Indemnity issued by the Bank for the Borrower or otherwise in respect of any account at any office of the Bank (whether accrued, accruing or contingent and whether solely or jointly with others) and any bills of exchange, promissory notes or instruments at any time drawn made accepted or endorsed by the Borrower solely or jointly with others which the Bank may discount or purchase or negotiate and the commission, charges, costs and expenses payable to or incurred by the Bank in relation thereto, provided however, that where the Bank at the specific request of the Borrower and in its sole discretion communicated in writing to the Borrower that in respect of any specific item of goods, book debts and other movable assets this charge by way of hypothecation will not operate, such goods, book debts and other movable assets shall be deemed as not having been hypothecated to the Bank and stated hereinbefore."

(3) (a) The Borrower engages to hold the goods, relative bills of lading and shipping documents and proceeds thereof as agent and Trustee for the Bank and further engage to deal with the goods hereby hypothecated to the Bank in accordance with the directions of the Bank.

(b) The Borrower further undertakes to deliver from time to time, to the Bank, bills of lading and shipping documents duly endorsed in favour of the Bank relating to the goods hereby hypothecated or deliver the goods hereby hypothecated failing payment of the amount due to the Bank from the realized proceeds of drafts sold against the said goods collected for shipment.

(c) As for the packing credit facilities extended as given in clause 1 supra, the Borrower hereby undertakes to bind himself / herself / themselves to all the terms and conditions exclusively set out by the Bank as given in Annexure - 1 attached hereto, besides all the clauses relevant thereto including those similar or identical, appearing in this Agreement.

(d) As for the book debts including all receivables of the Borrower, the Borrower hereby undertakes to bind himself/herself/themselves to all the terms and conditions exclusively set out by the Bank as given in Annexure - 2 attached hereto, besides all the clauses relevant thereto including those similar or identical, appearing in this Agreement.

(e) As for the credit facilities related to the post-shipment finance extended to the Borrower, the Borrower hereby undertakes to bind himself/herself/themselves to all the terms and conditions exclusively set out by the Bank as given in Annexure - 3 attached hereto, besides all the clauses relevant thereto including those similar or identical, appearing in this Agreement.

a) that such rate of interest shall be charged not only on the advance but also on the cost of insurance premia and other expenses, charges, costs and fees till the dues are fully paid to the Bank.

b) to pay interest on the outstanding balance in the account (s) opened in respect of the said credit facilities;

c) that the Bank is entitled to charge at its own discretion such higher rate of interest than the rate stipulated above, either on the entire outstanding or on portion thereof as it may fix for any irregularity and for such period as the irregularity continues or for such time as the Bank may deem it necessary regard being had to the nature of the irregularity and the charging of such interest shall be without prejudice to the Bank's other remedies;

d) to pay interest @ ___ % p.a. or at the rate as may be specified by the bank from time to time on the amount outstanding for the unexpired period of term loan, in the event of premature closure of the term loan as premium/commitment charges;

e) to pay interest @ ___ % p.a. or at the rate as may be specified by the Bank from time to time on the amount of overdraft/cash credit limit sanctioned by the Bank, if the overdraft/cash credit account is settled within one year from the date of availment of cash/overdraft as premium/commitment charges and

f) pay interest @ ___ % p.a. or at the rate as may be specified by the bank from time to time for the amount of overdraft/cash credit limit sanctioned in the event the average utilization of the cash credit/overdraft limit is less than 50% of the sanctioned limit for at least 6 months in a financial year as premium/commitment charges.

(6) The Borrower hereby expressly agrees and undertakes that in the event of refinance with Small Industries Development Bank of India (SIDBI) or Industrial Development Bank of India (IDBI) or National Bank for Agricultural and Rural Development (NABARD), National Housing Bank (NHB) or any other bank/Financial Institution as the case may be has been fully paid back by the Bank, and where any part of the loan is still outstanding or where any default of repayment is made by the Borrower to pay interest at higher rate as may be charged by the Bank from time to time.

(7) The Borrower agrees that the limit(s) sanctioned or the terms of advance, like rate of interest, margin, duration, etc. may be revised, cancelled at bank's sole discretion for any reason whatsoever, including all or any of the following reasons (i.e.) to suit the exigencies of Business or changes in the market conditions or to implement the policies of the State/Union Government/Reserve Bank of India. On such notice of revision/cancellation of all or any of the above sanctioned limits or change in any of the terms, the Borrower agrees to pay back the amount(s) due to the Bank and/or abide by the new or revised terms.

(8) The Borrower shall be deemed to have notice of change in the rate of interest whenever the change in rate of interest/prime lending rate is displayed/notified by the branches/Zonal Office/Central Office in their premises/published in newspapers/made through entry of interest charged in pass book/statement of account sent to the borrower/notified in the Bank's web-site. The Borrower further acquiesces to the accounting practices of the Bank.

(9) The Borrower agrees to pay all expenses and charges such as service charges, incidental charges, godown charges, godown inspection charges, typing and postage expenses, insurance premia, expenses made for obtaining valuation certificates of the movable/immovable assets charged/to be charged to the Bank, fees for obtaining encumbrance certificates, legal notice expenses which the Bank may incur from time to time and further authorizes the Bank to debit the overdraft/cash credit/Loan/Current Account of the Borrower for such expenses/charges.

(10) That in case of cash credit, overdraft and demand loan, the Borrower shall, on demand, forthwith pay to the Bank the outstanding (s) owing to the Bank in respect of the said credit facilities inclusive of interest, commissions, costs, charges and expenses. In case of such cash credit/overdraft account, the Borrower agrees that the demand promote, if any executed by the Borrower in Bank's favour for the amount of cash credit/overdraft granted and this agreement are to operate as continuing security for the ultimate balance with interest thereon that may be payable to the Bank upon the said cash credit/overdraft account and the said account is not to be considered to be closed for the purpose of this security and the security is not be considered as exhausted merely by reason of the said account being brought to credit at any time or from time to time.

(11) a) The Term loan and any loan payable by instalments will be as stipulated in the schedule annexed hereto. In case of default in payment of any one instalment or any part thereof or any other irregularity on the part of the Borrower or on the happening of any of the events as mentioned in clause (13) below the entire balance then outstanding with interest, costs, commissions and charges shall at once become due and payable if the Bank so chooses to demand.

b) In the case of term loan facility, the Borrower shall be required to avail and utilize the said facility within such period from the date of its sanction as given in the Bank's sanction letter and for such specified purposes for the said facility was sought by the Borrower, provided however that the Borrower shall have the flexibility or the option to avail the said term loan either in one lumpsum or in stages or at such intervals or at multiple times as the Borrower may desire subject to strict compliance or adherence to the stipulation as to the maximum time limit of the prescribed period and to the aggregate limit in the said facility.

c) The Borrower expressly agrees that in the event of / in case the limits or portions of the said credit facilities have been / are partially availed and utilized within the prescribed period, then and in that event, the limit itself or such portion of the unutilized portion of the limit in the said facility shall expire and be not available to the Borrower to any intent and for any purpose of whatsoever nature including the specified purposes prescribed in the sanction letter.

d) The Borrower acknowledges and agrees that the Bank is / shall be at liberty to effect **disbursements** in the said facility for each component of the sanction corresponding / relating to each of the specified purposes, as sub-limits or loans and such instalmental disbursements shall, in case the Bank so chooses, be treated as though such incremental disbursements are individual loans for its accounting purposes / practices and in all such cases the period of repayment for each such sub-limits or loans shall commence from the date of respective disbursements for each sub-limits or loans. Notwithstanding the above discretion of the Bank, the Bank may also combine and constitute all sub-limits or loans as one limit or loan by rearranging or rescheduling the repayment schedules of such sub-limits and loans at the end of the currency of sanction in such manner that the maximum period of repayment shall not exceed the period prescribed in the sanction letter.

e) The Borrower agrees that the Bank for its operational convenience either disburse the term loan sanctioned to the Borrower in one **single account** by making further debits in the same account till final disbursement of the loan or **open separate accounts** for each disbursement in stages. When disbursement takes place in multiple loan accounts, the Bank has the option to consolidate the different accounts into a single account on the date of final disbursement of loan or to have the different loan accounts continued without making any consolidation. In either case, the Borrower agrees to remit the stipulated instalments to the total term loan availed for the specific purpose.

(12) That the Borrower will at all times 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 will forthwith whenever necessary provide further goods and assets (approved by the Bank) to restore such margins or pay the Bank the equivalent in cash. In respect of Letters of credit opened or Guarantees or Indemnities issued by the Bank on behalf of the Borrower, the Borrower will deposit sufficient cash or other security as may be acceptable to the Bank as margin money as stipulated by the Bank. The Bank shall be entitled to and shall at the sole and absolute discretion change the margins and the Borrower shall be bound by it notwithstanding any margins earlier agreed to by the Bank.

(13) That if the **Borrower fails** to maintain such **margin** as hereinbefore said or if the borrower fails or **neglects to repay** to the Bank on demand the balance then due to the Bank or any instalment of the principal monies remaining unpaid upon the respective due date for **payment** thereof, or interest accrued and remaining unpaid or any representation or statement of the Borrower's proposal being found incorrect or the Borrower committing any breach or default in the performance or observance of any terms and conditions or provisions contained in this agreement or the Borrower's proposal or the security or any other terms and conditions relating to the advance; or the Borrower entering into any arrangement or composition with creditors or committing an act the consequences of which may lead to the winding up of the Borrower or fails to carry out and perform any of his/her/their/its obligations under these presence or in the event of the Borrower committing any act of insolvency or becoming or being adjudged **bankrupt or insolvent** or executing any deed of agreement, composition or in the event of any distress or execution being levied or enforced upon or against any of the properties of the Borrower whether the said property shall or shall not be the subject of the security or whether the Borrower is a not Joint Stock Company in the event of any person, firm or company taking any step towards applying for or obtaining an order for the appointment of the Receiver of the Borrower's property or any part thereof or (in the event of being a Joint Stock Company) if any person, firm or company shall apply for or obtains order for the winding up of the Borrower or if any such order is made or any step be taken by any person, firm or company in or towards passing any resolution to wind up the Borrower or if any such resolution be passed whichever may first happen or any damage occurring to the hypothecated/pledged properties from any cause whatsoever, the Bank shall, on the happening of such defaults by the Borrower, proceed to recover the entire dues of the Borrower by enforcing all the rights as detailed in the clauses (31) and (34) **infra**.

- (14) The Borrower agrees to maintain sufficient balance/drawing limit in his/her/their Savings Bank/Current/Overdraft/ Cash Credit Account and hereby **authorize the bank to transfer** the periodical instalments towards term loan/other loan repayable by instalments and interest/insurance and any other charges as and when they become due.
- (15) The Borrower agrees and undertakes that the amount under all or some or any of the said credit facilities will be used **only for the purpose** or purposes mentioned in the Borrower proposal and for which it has been sanctioned and the Borrower further agrees that notwithstanding anything contained in this agreement, the Bank shall have the right to recall the entire amounts under the said credit facilities together with interest and other charges or any part thereof and/ or withdraw the concessions if any, such as reduced rate of interest, subsidy, in case the loan amount is/has been used for any purpose other than for which it has been sanctioned or if the Bank apprehends or has reason to believe that the Borrower has violated or is violating the condition.
- (16) That the Borrower further agrees that the Bank may at its sole discretion **enter into interse bank participating arrangement** with any bank or banks or institutions of its choice without any reference to the Borrower. The Borrowers agrees that such participating arrangement, if any, arrived at, by the Bank with other Bank(s) / Institution(s) and the Borrower is unconcerned with the same. However, the Bank shall be at liberty to furnish any information relating to the Borrower to such participating bank(s)/institutions(s). The Borrower further confirms that notwithstanding such participation arrangement between the Bank and other Bank(s)/institution(s) the Borrower shall be liable to make payment of the entire liabilities to the Bank.
- (17) Wherever the Borrower for the purpose of availing credit limits creates security in favour of the Bank by way of mortgage and the Borrower hereby specifically agrees that the Bank notwithstanding that it may hold two or more mortgages executed by the Borrower(s) / mortgagors in respect of which it may have right to obtain the same kind of decree under **Sec. 67 of Transfer of Property Act 1882** shall be entitled, to sue and obtain such decree on any of such mortgages without being bound to sue on all such mortgages in respect of which the mortgage money shall have become due.
- (18) The Borrower do hereby unconditionally and irrevocably agrees as a condition of such credit facilities extended to them by the Bank that in case he/she/they commit(s) default in the repayment of same or in the repayment of the interest thereon or any of the agreed instalments of the loan on due date, the Bank and/or the Reserve Bank of India or any other agency authorized by the Bank will have an unqualified right to **disclose or publish his / her / their name(s) or the name of the Company / firm/unit and or its/their Directors / partners / proprietor / trustees /members/ constituents/office bearers as defaulter(s)** in such manner and through such medium as the Bank or Reserve Bank of India or any other agency authorized by the Bank in their absolute discretion may think fit. The Borrower further agrees that the Credit Information Bureau (India) Ltd. (CIBIL) or any other authorized agency may use, process, publish or furnish for consideration or otherwise the **information disclosed and / or data or products prepared** by them to any person, and to other credit granters and confirms that the Borrower shall not raise any dispute whatsoever in that behalf in all respects and to all intents.
- (19) The Borrower shall during the continuance of this agreement keep the Bank fully informed of the place or places where the securities described in general terms in the schedule(s) hereto are stored/installed/kept from time to time so that the securities in those places may be deemed to have been hypothecated by way of first charge to the bank and further agree(s) and undertake(s) to keep the Bank informed about the **change of address, if any immediately**.
- (20) That a register of the goods, produce, merchandise, stock, book debts and other similar assets hypothecated as security as aforesaid shall be kept by the Borrower at all times **open to the inspection of the Bank**, in which shall be entered particulars of all goods, merchandise, produce, stock, book debts and similar assets hypothecated to the Bank under this Agreement, that all the said goods and all documents under this security shall always be kept distinguished and held as Bank's exclusive property specifically appropriate to this security to be dealt with under the directions of the Bank. The Borrower shall furnish to the Bank monthly, or at such intervals as the Bank may require a schedule or copy of all the entries which shall have been made in the said register/as well, as statement of stock/book debts which stand hypothecated to the Bank and as contained in the said register at the close of the previous day and duly certified under the signature of the Borrower and or his/her/their/its authorized representative(s). The submission of statement of stock, book debts/other assets from time to time held by the Borrower will be as agent for the Bank and in nature of rendering of account by agent to principal and statement so submitted shall be the returns of the Borrower in his/her/ their capacity as agent for holding the securities hypothecated to the Bank.

(21) That the Borrower shall be at liberty from time to time in the ordinary course of business to sell or dispose of any of the said goods or realize any of the book debts from his/her/their debtors but **proceeds of sale of goods sold** or the **proceeds of book debts realized shall be held in trust for the Bank** and as soon as the same are received shall be paid to the Bank to the credit of the respective facility accounts under all or some or any of the said credit facilities.

(22) That the hypothecated goods/produce/merchandise/machinery/ vehicle(s) and/other movables shall at all times during the currency of the security and so long as any money shall remain due and owing under all or some or any of the credit facilities be **maintained in good perfect order**, marketable and working condition and **kept insured** by the and at the request of the Borrower jointly in the names of the Bank and the Borrower against loss or damage by fire, Acts of God and such other risk as may be required by the Bank or be required by law to the full extent of the value thereof with an insurance company or companies of repute and approved by the Bank. The Borrower shall deliver to the Bank the relevant policy or policies of insurance duly assigned to the Bank and maintain such insurance through out the continuance of the Security of these presence. Further, if the Borrower intends to insure for any other risks apart from the risks mentioned above, he/she/they is/are at liberty to do so on the terms and conditions stated above.

(23) The Borrower shall duly and **punctually pay the premium** on the policies at least one week before the same shall become due or payable and hand over the receipt to the Bank within seven days of payment and the Borrower agrees not to raise at any time dispute as to the extent of the insurable interest of the Bank. If the Borrower makes any default in effecting such insurance as aforesaid or in renewing any policy or in payment of such premia it shall be lawful (but not obligatory) for the Bank to effect such insurance or to renew or to pay such premia and to keep the hypothecated properties in good, perfect order, marketable and working conditions and duly insured and to debit the costs, charges and expenses incurred by the Bank for the same to the Borrower all or some or any of the said credit facilities with the Bank and the same shall be treated as advances secured by this agreement. All sums received under any such insurance as aforesaid shall after deducting therefrom of all expenses, be applied in or towards the liquidation of the balance due to the Bank for the time being and in the event of there-being surplus shall be applied as provided in clause 34 hereof. The Borrower agrees that if any money under any such insurance is received by the Borrower he/she/it/they will pay the same forthwith to the Bank.

(24) It shall be lawful for the Bank and its agents without notice and at the expenses in all respects of the Borrower **to enter at** any time into or upon the offices, godowns, jaidhas, other premises of the Borrower or **places of storage** whether owned or taken on lease of any other hypothecated properties for the purpose of inspection and/or checking the hypothecated properties and taking account and inspection of books of accounts of the Borrower (which the Bank is hereby authorized to do) and it shall also be lawful for the Bank from time to time as it may deem fit to have all or any of the hypothecated properties for the time being so hypothecated and charged as aforesaid valued by the appraiser or the valuer to be appointed or nominated by the Bank and all such expenses and fees and expenses of such appraiser/ valuer shall be treated as advances by this agreement and be debited to the Borrower's account all or some or any of the said credit facilities/accounts as the case may be and be payable accordingly and shall until payments be treated as advance secured by this agreement.

(25) That the Borrower shall if so required by the Bank cause and in default the Bank may itself cause board or **boards with the name of the Bank** legibly and distinctly printed or written thereof to be placed and at all times maintained in a conspicuous portion upon the factory/godown/shop and/or other premises of the Borrower indicating that the goods/ machinery/other movables are hypothecated to the Bank.

All the machineries of the Borrower 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 are hypothecated and charged to the Bank. The Borrower shall also exhibit conspicuously in the main hall of the factory a list showing the items of machineries hypothecated and charged to the Bank.

(26) That the Borrower will so long as any monies remain due and owing under all or some or any of the said credit facilities, carry on and **conduct the business** and use the hypothecated properties in a **proper and efficient manner**.

- (27) That the **Borrower shall not remove or dismantle** any of the movables or other hypothecated properties now in use in the Borrower's premises/factory/shop without the consent in writing of the Bank including in cases where such **removal or dismantling** shall, in the opinion of the Borrower, be rendered necessary by reason of the same being worn out/deteriorated, injured, damaged or broken and in such case will replace so worn out/injured, damaged, broken or deteriorated by others of a similar nature and of at least equal value and shall also whenever necessary renew or replace all or any of such hypothecated properties with others of a like nature and value of as now used or henceforth to be used for the purpose of or in connection with the business of the Borrower as and when the same shall be worn out, injured, damaged, broken or deteriorated and shall keep the Bank informed of the replacements.
- (28) That the **Borrower shall bear all loss or damage** caused for any reason to the hypothecated properties, etc. secured to the Bank (including loss by theft, burglary or any accident whatsoever) and shall make good the deficiency by cash payment or giving additional security approved by the Bank.
- (29) That the Borrower will keep all the hypothecated properties in a good state of repair and **in perfect working order and condition** and further that all such movable machinery, Plants and tools including all spares and parts thereof at present or for the time being not in use will be properly coated with rust proof preservatives and oiled, packed or encased and stored and housed in proper rain and weath-proof premises.
- (30) That the agreement is made on the faith of the declaration of the Borrower hereby makes that :
- a) The securities hypothecated are and will at all times be in the absolute property of the Borrower at the sole disposal of the Borrower and free from any other trust, pledge, lien or claim or encumbrance (except for and subject to the security hereby created)
 - b) On the undertaking hereby given by the Borrower that he/she/they **will not create a further mortgage** or lien or any charge over the hypothecated securities during the currency of the loans.
 - c) That all the securities which are now hypothecated and which stand hypothecated from time to the Bank, when left in the possession of the Borrower shall be held by the Borrower and deemed to be held by the Borrower **only as agent for the Bank** in trust for the Bank and
 - d) The Borrower be accountable to the Bank for all the securities hypothecated under this agreement and placed in the possession and control of the Borrower **as agent** for the Bank.
- (31) If any event detailed in **clause 13** shall happen or is believed to have happened which in the opinion of the Bank impairs the security hereby created or credit of the Borrower or if the Bank shall be of the opinion that the security hereby is otherwise imperiled (as to all or any of which matters in the opinion of the Bank shall be conclusive) it shall be lawful for the Bank, its agents and nominees with a view to obtain possession for and on behalf of the Bank at all times without notice to the borrower but at the Borrower's risks and expenses and if so required **as an attorney** for and in the name of the Borrower **to enter any place** where the said assets may be and inspect, value, insure, supervise disposal and/or take particulars of all or any part of the same 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 properties and the books of accounts or other documents relating to the hypothecated debts and assets may be lying or stored or kept 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 breach any terms of this agreement or the occurrence of any circumstances in the opinion of the Bank endangering the security **to take charge of, seize, recover, receive, take possession of**, inter alia, by putting its locks on godowns and other places where the hypothecated properties or account books and other documents relating to the hypothecated book debts are lying or kept and to appoint receiver or remove all or any parts of the said goods and assets and also all books of accounts, papers, documents and vouchers and other records relating thereto and also to give notice and demands to debtors and third parties liable there for, sue for recovery receive and give receipts for the same and/or sell, realise, dispose of 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, realize, 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 or being liable for any loss in the exercise thereof and 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 and demand of the said goods and assets and to give notices to

the 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 realization as sufficient proof of amounts realized and relative expenses and to pay any shortfall or deficiency thereby shown provided that the Bank shall be entitled at all times to apply any other money or monies in its hands standing to the credit of or belonging to the Borrower in towards payment of any amount for the time being payable to the Bank in respect of all or some or any of the aforesaid credit facilities granted and/or agreed to be granted by the Bank or otherwise the balance remaining payable to the Bank in respect of the aforesaid credit facilities or otherwise notwithstanding that all or any of the securities may not have been realized provided also that subject to these powers of the Bank, the Borrower may with the approval of the Bank deal with the said goods and assets from time to time in due course of business provided the margin of securities required by the Bank is fully maintained and on the terms of payment or delivery to the Bank of the proceeds thereof or documents there for immediately on receipt thereof. Any moneys payable by the Borrower be treated as advance secured by this agreement and be debited to the Borrower in the said loan/cash credit/overdraft account and be payable accordingly and such payments be treated as an advance secured by this agreement.

(32) The Borrower shall pay all costs, charges and expenses incurred by the Bank in the negotiation, execution, carrying into effect of this agreement or in relation to the exercise of any power of sale or other power or in relation to any act, deed, matter or thing arising out of this agreement including non acceptance of any bills or dishonour on presentation due to any discrepancies and agree to pay/debit borrower's account the equivalent of the prevailing rate of selling/exchange and/or of any incidentals thereto and shall also pay interest thereon at the rate aforesaid and in the manner aforesaid.

(33) That the Bank shall not be in any way liable or responsible for any loss, damage or depreciation which the hypothecated properties may suffer or sustain on any account whatsoever while the same or in the possession of the Bank during the continuance of the agreement or thereafter and all such damage or depreciation shall be wholly on account to the Borrower howsoever the same has been caused nor shall the Bank be responsible for any shortage resulting from theft or pilferage or otherwise howsoever notwithstanding that hypothecated properties may be in the possession of or under the control of the Bank.

(34) a) That it shall be lawful for the Bank at any time after taking possession of the hypothecated properties to **appoint receiver(s)** or remove and/or shall **have power to sell** either by public auction or by private contract subject to such conditions as the Bank shall think fit or otherwise dispose of or deal with any of the hypothecated properties or any part or parts thereof and to enforce, realize, settle, compromise and to deal with any rights or claims regarding any of the hypothecated securities without being bound to exercise or non exercise thereof and notwithstanding there may be any pending suits or other proceedings against the Borrower. The Borrower undertakes to transfer and deliver to the Bank all relative contracts, securities and documents. The Borrower hereby agrees that the Bank shall have power without consulting the Borrower to settle any claim by any other person on the hypothecated securities/properties or any part thereof and the Borrowers shall be bound by the Bank's decision and that any loss, damage or cost or expenses that may arise or caused by such decision shall be at the risk and on account of the Borrower.

b) That **the Bank shall apply the net proceeds of the sale** of the hypothecated/pledged properties in satisfaction so far as the same shall extend to the balance due to the Bank on the said loan/cash credit/overdraft account or any other account of Borrower or so much thereof as shall remain unpaid including interest at the rates aforesaid until payment and including all costs as between attorney and client, charges and expenses actually incurred by the Bank on any account whatsoever including sales tax. If the net sum realized by such sale is insufficient to cover the balance due to the Bank, the Borrower shall be liable forthwith on production to the Borrower of an account to be prepared and signed as in clause {{34 (f)}} hereof (which shall be conclusive) to pay the balance appearing due to the Bank without prejudice to such obligations of the Borrower the Bank shall be entitled (but shall not be bound) to apply any other money or monies in the hand of the Bank standing to the credit of or belonging to the Borrower or any money which the Borrower may then or at any time thereafter be entitled to draw from the bank under any loan, cash credit, overdraft or any other arrangements or goods the properties of the Borrower stored in the Bank's premises or godown in or towards payment of the balance for the time being due to the Bank, and in the event of such money or monies being insufficient for the discharge in full of such balance, the Borrower shall be liable forthwith on the production to the Borrower of an account to be prepared and signed as provided in clause {{34 (f)}} hereof (which shall be conclusive) to pay the balance appearing due to the Bank thereon provided always that nothing herein contained shall be to negate or otherwise prejudicially affect the right of the Bank which it is hereby expressly, agreed that the Bank shall have to recover from the Borrower the balance for the time being remaining due from the Borrower to the Bank up to the said loan/cash credit/overdraft account or any other account notwithstanding that all or hypothecated properties/securities may not have been realized.

c) That in the event of there being a surplus available of the net proceeds of such sale after payment in full of the balance due to the bank it shall be lawful to the Bank to retain and apply the said surplus together with any other money or monies belonging to the Borrower for the time being in the hands of the Bank in or under whatever accounts, as far as the same shall extend against in or towards payment for liquidation of any or all other monies which shall or may become due from the Borrower whether solely or jointly with any other person or persons, firm or company to the Bank by way of loans, discounted bills, letter of credit, guarantees, charges of any other debts or liabilities including bills, notes, credits and other obligations current though not then due or payable or other demands legal or equitable which the law of set off of mutual credit would in case admit and whether the Borrower shall become or be adjudicated, bankrupt or insolvent or be in liquidation or otherwise with interest thereon from the date on which any and all advances in respect thereof shall have been made at the rate or respective rates at which the same shall have been so advanced.

d) That after the settlement of all claims of the Bank against the Borrower any surplus shall remain the Bank shall pay such surplus to the Borrower.

e) That the Borrower agrees that the securities held under the loans as aforesaid shall also be held as security for any other loan or liability of the Borrower to the Bank.

f) That the Borrower agrees to accept without question in and out of court as conclusive proof of the amount realized by any such sale as aforesaid and/or any sum claimed to be due from the Borrower to the Bank under this agreement of the costs and expenses incurred in connection therewith a statement of account made out from the papers and/or books of the Bank and signed by the principal officer or any other duly authorized officer of the Bank without production of any other voucher, document or paper.

35) That the bank shall not be under any liability whatsoever towards the Borrower or any other person for any loss or damage to the said goods and assets the subject 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 of the happening of the cause thereof. The Borrower shall at all times **indemnify and keep indemnified the Bank** 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 in connection with said goods and assets or in pursuance of the rights and powers of the Bank under this agreement.

36) That the Borrower shall duly and **regularly pay**, perform and observe all **rents, rates, tax** assessments and other outgoings in respect of the property in which any of the hypothecated properties/securities may from time to time be kept/stored/situated and shall perform and observe the covenants and conditions which ought to be paid or observed or performed by the Borrower. The Bank may also without being bound to do so pay all such charges and taxes at the cost of borrower by debit to the borrower's accounts.

37) That the Borrower agrees and undertakes to **transfer the registration of the vehicle** in the name of the Bank whenever required to do so by them and especially when the Borrower commits a breach of any of the conditions of this Agreement and the Bank is obliged to seize the vehicle and sell the same and adjust the sale proceeds as detailed in clauses 31, 32, 33 and 34 hereinabove.

38) That the Borrower further agrees to apply to the Registering Authority within whose jurisdiction the vehicle(s) stands registered for making a note of the charge created over the vehicle(s) under this Agreement in the Registration certificate of the vehicle (s) without prejudice the Bank's right to have the agreement so registered.

39) That this agreement is not prejudice the rights and remedies of the Bank against the Borrower irrespective and independent of this agreement in respect of any other advances made or to be made by the Bank to the Borrower.

40) That any **notice in writing required to be served** on the Borrower shall be deemed to be sufficiently served if addressed to the Borrower at the address given and left at such address or forwarded by post. A notice sent by the post shall be deemed to be given at the time when in the course of post it will be delivered at the address to which it is sent.

41) That the Borrower hereby agrees on demand by the Bank in that behalf to **execute such other documents in favour of the Bank** as may be necessary or advisable to hypothecate/pledge or further assures the hypothecated/pledged properties in favour of the Bank.

42) That in case the Borrower shall be a firm or member of a firm any **change whatsoever in the constitution** of such firm during the continuance of this agreement shall not impair or discharge the liability of the Borrower or any one or more of them hereunder. The Borrower shall be liable to the Bank notwithstanding any change in the legal status or constitution of the Borrower whether by way of amalgamation, merger, takeover, dissolution, winding up, insolvency, nationalization or otherwise howsoever either by operation of law or by act of the parties but shall remain in full force and be valid and enforceable against the Borrower including the entities who shall come into existence upon such change or constitution as it they were the parties to these presents since its inception till full discharge of all the obligations or payments to the Bank.

43) That if the Borrower be more than one individual each one or any of them is/are authorized and empowered by the other of them to admit and acknowledge his/her/their liability to the Bank by any payment into the account(s) or by way of express writing in any manner or otherwise and any such admission and **acknowledgement of the liability** by one or more of them shall be construed to have been made on behalf of each of them.

44) That in the event of the Bank applying for and availing refinance from Small Industries Development Bank of India (SIDBI)/National Bank for Agriculture and Rural Development (NABARD)/National Housing Bank (NHB) or any other bank or other financial/refinance institution in respect of the above advances, the Borrower hereby further agrees that the Bank shall be at liberty to **furnish to** SIDBI/NABARD/NHB or any other bank or other financial or refinance institution any such **information or report**, whether received by the Bank from the Borrower or otherwise in the Bank's possession.

45) That the Bank shall have the **right of general lien** of a Banker over all the goods, stocks and other assets including hypothecated/pledged properties of the Borrower which came and hereafter will come into the possession of the Bank or held or to be held on behalf of the Bank, for all monies owing to the bank on any account whatsoever and that nothing in this agreement contained shall be construed as excluding such general lien of the Bank. The Bank shall have discretion to refuse to give delivery of all or any portion of such hypothecated/pledged properties of the Borrower which came and hereafter will come into the Bank's possession under this Agreement or otherwise unless and until all the monies owing to the Bank under this/these account/s or any other accounts whatsoever are fully paid to the Bank.

46) The Borrower further agrees that in addition to any general lien or similar right to which the Bank may be entitled by law the Bank may at any time and without notice to the Borrower combine or consolidate all or any of the Borrower account(s) **and set off or transfer** any sum or sums standing to the credit of any one or more of such accounts in or towards satisfaction of any of borrower's liabilities to the Bank on any other account or any other respect, be actual or contingent, primary or collateral and several or joint.

47) Nothing herein contained shall operate or be deemed to negate quality or otherwise prejudicially affect the bank's rights or remedies (which it is expressly agreed, the Bank shall have) in respect of any present or future securities, guarantees, obligations or decree for any indebtedness or liability of the Borrower to the Bank whether and the said securities referred to herein are renewed, altered or varied to any extent or altered in any manner.

48) Any **supplemental agreement to be executed** by the Borrower for the additional borrowings from the Bank shall form part of this agreement.

IN WITNESS WHEREOF the Borrower hereto has executed these presents the day and year first hereinabove written.

Place:

Signature of the Borrower

SCHEDULE

Goods, produce, merchandise, stocks in all forms (raw materials, semi-finished and finished goods) stored or to be stored from time to time under Open Loan Cash Credit and other working capital facilities, the description of which is given below and those stored at _____

Description

Signature of the Borrower

SCHEDULE

Goods, produce, merchandise, stocks hypothecated/to be hypothecated from time to time under Packing Credit, the description of which is given below and those stored

at _____

Description

Signature of the Borrower

SCHEDULE

All Book debts, Receivables, other claims of the Borrower both existing and at any time outstanding under Open Loan Cash Credit and other working capital facilities including Bills finance.

Signature of the Borrower

SCHEDULE

Vehicle (s) as described below: (existing)

Vehicle type	Brand Name	Engine/Chassis No.	Registration No.	Value Rs.

Vehicle (s) as described below: (to be purchased)

Description	Value Rs.

Signature of the Borrower

SCHEDULE

Repayment Schedule for the Loan (s)

Repayable in ___ monthly/quarterly/half yearly/annual/daily instalments of each

(_ / the appropriate box)

inclusive of interest

exclusive of interest

Holiday period, if any:

_____ Months*

(_ / the appropriate box)

* Holiday period is to be reckoned from the date of disbursement of I stage of loan.

* Holiday period is to be reckoned from the date of disbursement of last stage of loan subject to a maximum of ___ months from the date of I stage of disbursement of loan.

SIGNATURE OF THE BORROWER

Annexure 1

Pre-shipment Advances

1. The Borrower agrees that immediately upon shipment of the said goods or any part thereof, the Borrower shall hand over to the Bank the shipping documents duly endorsed, including bill of lading, invoice and policy or policies of insurance against marine and war risks.
2. And the Borrower agrees that the proceed of the bills negotiated by the Bank against such shipments shall be held by the Bank in repayment of the above named advances together with interest mentioned in **clause (5)** of this Agreement with rests up to the amount then outstanding.
3. The Borrower shall, whenever required, give the Bank full particulars of the said goods held by the Borrower on behalf of the Bank, and guarantee that value thereof shall at all times be at least equal to the balance outstanding under the said Cash Credit / Demand Loan Account or any other account.
4. The intension of this agreement is that the Bank is to be entitled to the said goods as security for the advance which the Bank shall have granted to the Borrower, and the Borrower hereby undertake to deliver them to the Bank at any time in order to bring them into possession of the Bank, and the Bank shall be authorized to enter into the premises and godowns of the Borrower at any time in order to take possession of the same to which the Borrower shall give the Bank such assistance as the Bank may require from the Borrower, and the Borrower authorizes the Bank to treat all such goods as shall have come into the Bank's possession and as the case may be the documents of title thereof, which the Borrower shall have handed to the Bank as if the Bank had all the rights of the Borrower as absolute owners or otherwise and in case the Borrower fails to fulfill any of his/her/their obligations to the Bank to sell all or any part of goods forming the collateral security for the repayment of the advance together with interest and cost at such time and in such manner as the Bank may deem fit and without notice to the Borrower and after deducting usual commission, charges and expenses to apply the net proceeds in payment of the advance made to the Borrower by the Bank cum annexes, the balance if any to be placed at the option of the Bank against any other of the debts to the Bank whether due or not. The rights of the Bank under these documents are additional to and shall not derogate from the Bank's rights under all security documents previously signed by the Borrower.
5. It is understood that the keys of the godown remain in r possession of the Borrowers, and the Borrower, likewise, further agrees and undertakes to have no advance from any other bank on the same or any other goods in his/her/their godowns in which goods under lien to the Bank is stored so long as the Borrower is indebted to the Bank.
6. This agreement is to operate as continuing security for the balance from time to time due to the bank and also for the ultimate balance to become due on the said account and the said account is not to be considered to be closed for the purpose of security and the security is not to be considered exhausted by reason of the said account being brought to credit at any time or from time to time or of its being drawn up on to the full extent of the said sum mentioned in **Clause 1** of this agreement if afterwards re-opened by a payment to credit.
7. And the Borrower further agrees that the goods shall also be a security to the Bank for the payment on demand on all other moneys which are now or shall at any time due to the Bank from the Borrower either alone or jointly with any other person or persons, either on account current or for money advanced or paid or in respect of bills, drafts or notes accepted, paid or discounted, interest, commission, or any other usual or lawful charges or on any other account whatsoever, together with all costs and expenses.

Signature of the Borrower

Annexure 2

Advances Secured by Book debts

1. The Borrower does hereby hypothecate and charge to the Bank by way of first charge all the book debts, outstandings, moneys receivable, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Borrower in the course of its business by any person, firm, company, or by the Government or any local or public body or authority (all of which are hereinafter collectively referred to as the "said debts") as security for the due repayment to the Bank at any time on demand of:

a) All moneys which now are or which at any time or times hereafter may become due and owing from the Borrower to the Bank either in the Cash Credit Account or Overdraft Account of the Borrower which may be renewed from time to time or in any other amount and whether alone or in partnership with any person, firm or company including moneys owing upon any cheques, promissory notes, or bills of exchange made, drawn, accepted or endorsed or discounted or purchased or paid at the request or on behalf of for credit of the Borrower either solely or jointly with another or others:

b) All costs (between Attorney and Client) charges and expenses, which, the Bank is entitled to recover under these presents or by law:

c) And for the payment and discharge of all the Borrower's present/any future indebtedness and liabilities to the Bank of any kind in any manner whether solely or jointly primary or collateral accrued or accruing with all relative interest, costs (between Attorney and Client) charges and expenses.

1. (A) The Borrower has furnished to the Bank, a list with particulars of the Book debts, outstanding moneys receivable, claims and bills which are now due and owing. The Borrower also agrees to file similar particulars with the Bank, at such intervals as may be required by the Bank.

2. That on any default of the Borrower in payment of demand of any money hereby secured or the performance of any obligation to the Bank under this or any other security or the occurrence of any circumstances in the opinion of the Bank prejudicing endangering this or any other security the Bank shall be entitled at the Borrower's risk and expenses as Attorney for and in the name of the Borrower or otherwise (the Borrower hereby irrevocably appoint the Bank to be its Attorney) to take possession and / or appoint receivers of the said debts under this security give notices and demands to the Borrower and third parties liable therefor and to demand, sue, recover, receive and give receipts and discharges for the same and sell or realize by public auction or private contract or otherwise dispose of all or any part of the said debts and enforce settle, compromise, submit to arbitration or deal in any manner with any of the said debts or claims under this security without being bound to exercise thereof the Borrower undertaking to transfer and deliver to the Bank all relative documents and papers and agreeing to accept the Bank's accounts or receipt from realization under this security and to pay shortfall or deficiency thereby shown.

3. That this security to continue notwithstanding the existence of a credit balance on the said accounts at any time or any partial payments or any fluctuations of accounts.

4. That nothing herein shall prejudice the Bank's rights or remedies in respect of any present or future security -- guarantee obligation or decree for any indebtedness or liability of the Borrower to the Bank.

5. All accounts rendered to the Borrower by the Bank shall be conclusive evidence both in and out of court of all matters therein stated.

6. The Borrower agrees to execute on demand by the Bank such further documents as may be required by the Bank besides the **Power of Attorney** signed by us and attached hereto as **Annexure 4** to vest the said debts or any of them in the Bank to render the same readily realizable or transferable by the Bank at any time.

7. The Borrower also agrees that notwithstanding anything hereinbefore contained the Bank shall not be bound to allow or to continue their Cash Credit or any other account whether overdraft or current or loan or to grant the Borrower any financial or accommodation to any extent or for any time further than the Bank shall in its absolute discretion see fit to do so.

8. The Borrower hereby declares that the said debts shall always be their absolute property at their sole disposal and free from any prior charge or encumbrance and declares that nothing herein shall operate to prejudice the Bank's rights or remedies in respect of any present or future security guarantee obligation or decree for any indebtedness or liability of the Borrower to the Bank.

9. The security hereby constituted is to operate a continuing security for all sums due or owing to the Bank at any time and in the event of the Borrower's current account, loan or cash credit or overdraft or any other account with the bank running to a credit balance at any time the Bank's security hereunder shall still continue and the Borrower shall be liable for all sums due or contingently due-on any account whatsoever

Annexure 3

Advances against Bills

1. As the Bank may from time to time (at the request of the Borrower) makes advances to the Borrower and/or accept a Bill or Bills of Exchange on account of the Borrower and/or negotiate a Bill or Bills of Exchange drawn or accepted or endorsed by the Borrower against goods and/or merchandise (hereinafter referred to as goods) or shipping or other documents and/or hold such or any other Bill or Bills of Exchange and/or documents for collection on account of the Borrower under lien to the Bank or otherwise it is agreed between the Borrower and the Bank that the stipulations contained in this agreement shall be continuing and ambulatory and shall apply whether any such Bill or Bills, goods and/or documents be received by the Bank from the Borrower or from other Parties and shall bind the members of the Borrower for the time being as if a separate similar agreement were signed on the occasion of each transaction by each and every such member.

2. The Borrower authorizes the Bank or any of its Managers or any of its agents or any of the holders of such goods and/or documents at any place. But not so as to make it imperative, to insure or arrange for the insurance of such goods as aforesaid from all or any risks of transit including loss by capture and also from loss by fire on shore and to add the premiums and expenses of such insurance to amount chargeable to the Borrower and for purpose of reimbursing the Bank, to take recourse upon such goods in priority to any other claims thereon and/or against the Borrower without prejudice to any claims thereon and/or parties to any bill or bills and also to sell or cause to be sold such goods or any portion thereof as may be necessary for payment of freight insurance and other expenses. And the Borrower consents to the goods being warehoused at any wharf or warehouse selected either by the Bank or in case the Bank offer no objection by the drawees or Acceptors of the Bills or the consignees of goods.

3. The Borrower also authorizes the Bank as aforesaid to take conditional acceptance or acceptances to any bill or bills as aforesaid to the effect that on payment thereof and of any charges and of any expenses incurred by the Bank in respect thereof, the relative documents shall be delivered to the drawees or Acceptors and such authorization shall be taken to extent to cases of acceptances for honour, subject nevertheless to the power hereinafter given in case the drawees or Acceptors shall at any time or times suspend payment, become bankrupt or to into liquidation.

4. The Borrower further authorizes you as aforesaid at any time or times to grant a partial delivery or partial deliveries of any goods to the drawees and/or Acceptors of any Bill or Bills or the consignees of any goods, or their representatives, or in the event of any default on the part of or at the request of any of the aforementioned parties to any other person or persons, on payment of a proportionate amount of the invoice cost of such goods, or of the amount of such Bill of Exchange drawn against the same or of the advances made by the Bank.

5. The Borrower further authorizes the Bank as aforesaid on default being made in acceptance on presentation, or in payment at maturity, of any such Bill or Bills, or Consignees, Drawees or Acceptors of any Bill or Bills, in case of goods at any time or times suspending payment, becoming bankrupt, or taking any steps whatever/towards entering into liquidation or compromising or arranging with creditors, or in the case of advances against goods and/or shipping or other documents, upon failure of the Borrower to pay on demand the amount advanced together with all interest including overdue interest as applicable from time to time, commission and other charges and expenses thereon, to sell or cause to be sold all or any part of the goods at such times and places and in such manner as the Bank may deem fit without responsibility to the Bank for the default of any warehouse-keeper, broker, auctioneer or other person employed by the Bank for such purpose, and without notice to the Borrower or any other person or persons and after deducting the usual merchants commission to which the Bank is entitled and charge incurred, to apply the net proceeds in payment of such advances and/or such Bill or Bills and/or any debt of liability of the Borrower to the Bank with interest thereon, and with re-exchanges and charges where payable, the balance, if any to be placed at the Bank's option against any other of Bills of the Borrower secured or otherwise, including bills and/or advances current and subject there to be accounted for to the Borrower. In case the net proceeds of such goods and/or insurance policies shall be insufficient to pay the amount of Borrower's indebtedness to the Bank (on and account whatsoever) including re-exchange and all charges the Borrower authorizes the Bank as aforesaid, to draw on the Borrower at sight for the deficiency or debit the Borrower's account with such amount of deficiency without prejudice nevertheless to any claim against any parties to any Bill or Bills or their estates for recovery of the same and the Borrower engages to honour such drafts on presentation. In case of loss of goods or documents insured at any time, the Borrower authorizes the Bank to realize the policy or policies and charge the same Commission on the proceeds as upon a sale of goods and apply the net proceeds after such deduction as aforesaid, in a manner herein before provided.

6. The receipt of goods and/or documents by the Bank shall not prejudice the rights of the Bank on any Bill or Bills on case of dishonour nor shall any recourse or proceedings taken thereon or the Bank granting time to or entering into any composition or arrangement with any parties to such Bill or Bills prejudice or affect the Bank's title to such securities and it is also agreed that the rights of the Bank against the Borrower as aforesaid shall not be prejudice in any manner whatsoever owing to any such Bill or Bills not having been noted and/or protested in the event of dishonour by non-acceptance and/or non-payment.

7. The Borrower further authorizes the Bank as aforesaid, whether the aforesaid power of sale shall or shall not have arisen, at any time or times to accept payment from the Drawees and/or Acceptors of any bill or bills or the Consignees of any goods, against delivery of goods and/or documents and furthermore the Borrower authorizes the Bank as aforesaid to allow a discount in consideration of such payment being made before maturity at the current rate of rebate allowed by the Exchange Banks.

8. It is understood and agreed that the account current with the Borrower in your books shall at all times be conclusive evidence of the amount owing by the Borrower to the Bank from time to time.

9. The Borrower agrees to execute on demand by the Bank such further documents as may be required by the Bank in addition to the **Power of Attorney** signed by us **and attached hereto as Annexure 4** to vest the said debts or any of them in the Bank to render the same readily realizable or transferable by the Bank at any time.

10. This agreement of Hypothecation is retrospective in its action and is applicable to all current and future transactions and continues operative notwithstanding any, later on death, retirement, introduction of new partners or otherwise in the persons from to time constituting our firm, or in the style under which the business is carried on from time to time. Notice of our desire to terminate the agreement embodied in this agreement must be given in writing.

Signature of the Borrower

Annexure 4

Power of Attorney

To all it may concern _____
(name of Borrower) send greetings:

Where City Union Bank Ltd. having its Registered Office at No. 149, T.S.R. Big Street, Kumbakonam and among its branches, one of the Branch at _____ (hereinafter called "the Bank") have at our request agreed to extend credit facilities as mentioned in Clause (1) of this main Agreement against securities and Hypothecation of Book debts also.

And whereas one of the conditions for granting us the credit facilities is that, that the Bank be granted an irrevocable power of attorney for the purpose hereinafter appearing.

Now these presents witness that we the above said _____
(name of Borrower) do hereby appoint the Bank as our true and lawful attorneys in our name and on our behalf to do all or any of the following acts.

1. To collect all moneys due to us by all the sundry debtors in respect of goods sold.
2. To sign all receipts discharges vouchers and other requisite papers and to conduct all correspondence relating to the collection of the said moneys.
3. To take and use all lawful proceedings and means for recovering the said moneys and also to institute, defend, conduct, compromise, refer to arbitration or withdraw any suit or other proceedings.
4. To sign and verify plaints, written statements, petitions of claims and objections, memoranda of appeal and petitions and applications of all kinds and to file them in the proper court of office.
5. To appoint any advocate, pleader or any other legal practitioner.
6. To do all other lawful acts which the said attorneys deem necessary for the completion of the above said purposes.
7. Generally to act as our Attorneys in relation to the matters aforesaid and on our behalf to execute all deeds, acts or things as fully and effectually in all respects as myself do if personally present:

And hereby agree:

- a) To render all assistance to the attorneys for exercising the powers conferred under this attorney.
- b) That the attorneys shall be entitled to a remuneration in accordance with their Rules of business on the gross collections and can deduct the same from the collections in their hands.
- c) That the attorneys shall be entitled to appropriate the moneys received by them from time to time (less their remuneration and expenses) towards the moneys payable by us to the Bank.
- d) That this power of attorney shall not be revoked and the agency of the Bank shall not terminate so long as anything remains payable by us solely or jointly to the Bank by way of loan or otherwise.
- e) That nothing herein contained shall prevent the Bank at any time from recovering their dues in such ways and manner as they think proper.
- f) That the attorneys shall also be entitled to exercise all or any of the above powers through their principal officer or any of their officers or Manager and
- g) That all acts, deeds and thing lawfully done by my said Attorneys shall lawfully do or cause to be done for me/us by virtue of the powers hereby given.

Witness

Signature of the Borrower

Date: