

(To be stamped as an agreement of hypothecation)

AGREEMENT OF HYPOTHECATION

BY

____ **Insert the name of the Borrower** ____

IN FAVOUR OF

THE SOUTH INDIAN BANK LTD

Amount	Rs.
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This forms part of the Agreement of Hypothecation executed between ____ **Insert the name of the Borrower** ____ in favour of **The South Indian Bank Ltd.** dated _____

BORROWER/S

THIS AGREEMENT is made at the place and date as specified in Schedule I (a) by the persons, whose name(s) and address(es) are as specified in Schedule I (b) (hereinafter referred to as the "**Borrower**" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns and all persons deriving/ claiming title there under) **IN FAVOUR OF The South Indian Bank Ltd**, a banking company incorporated under the Companies Act 1913 and having its Registered Office at "SIB House", T.B. Road, Mission Quarters, Thrissur and one of its Branch Offices at the place specified in Schedule I (c) (hereinafter referred to as the "**Bank**" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns)

Whereas at the request of the Borrower, the Bank has advanced or allowed and or agreed to advance or allow or continued or agreed to continue the credit facilities morefully described in Schedule II to this Agreement, to be secured by borrowers demand promissory note (if any) and/or other securities in favour of the bank and or order and be further secured as herein provided.

In consideration of the Bank having advanced or allowed or continued or agreed to continue all or some or any of the credit facilities for the purposes and subject to the terms and conditions specified and contained in various Deeds, documents, writings.

(a)The Borrower(s) hereby hypothecate with the Bank the property described in general terms herein and in details in the Schedule IV, hereinafter referred to as "the goods" or "hypothecated goods", which expression shall mean and include all produce, goods, and other movable property of any kind including machinery, vehicle(s), its/their accessories, implements etc., belonging to the Borrower(s) which now or hereafter from time to time during the continuance of this agreement shall be brought in, stored or be in or about their premises or godowns at the place specified in Schedule III to this Agreement or any other godown(s) as approved by the Bank or be in course of transit from one godown to another or from one place to another or wherever else the same may be.,

(b)The borrower(s) hereby assign and transfer in law as well as in equity and hypothecate, all their present and future actionable claims and other movable property that may arise or come into existence in the future, including book debts decrees and decretal debts, outstanding moneys receivable, hire purchase receivable/documents and contractual rights arising there from, other claims, (including counter-claims and claims under insurance policies including life insurance Policies), bills including Government supply bills, contracts, securities, investments, bank deposits and other deposits, beneficial rights to other movable property and other assets.

I. The bank shall have the absolute right and unfettered discretion to decide whether or not it will accept as security for the purpose of this agreement any goods, documents of title to goods, any actionable claim, receivable, book debt, beneficial right to any movable property etc. offered from time to time to the Bank by the Borrower(s) and in the event of Bank's non acceptance of such securities or any part thereof, the Borrower(s) shall comply with the requirement of margin as stipulated in the sanction letter or as varied by the Bank from time to time and (ii) be entitled to refuse to make available the credit facility to the Borrower(s) and/or recall the credit facility made available against the goods already hypothecated with the Bank as security for the purpose of this agreement.

II. Provided that in case the hypothecated property/goods comprise vehicle(s) purchased/ to be purchased for the purposes of carriage of goods and/or passengers and/or for plying for

any other purpose the Borrower(s) shall produce the vehicle(s) its/their accessories and implements etc. at a place designated by the Bank once a month and/or as and when required by the Bank, for inspection, scrutiny or for any other purpose at the sole discretion of the Bank.

III. In the event the goods hypothecated or to be hypothecated are stored in third party godown(s) the Borrower(s) agree and undertake to enter into proper lease/rent agreements with such third party/ies, and arrange with such party/ies, in writing whether forming part of lease/rent agreement or not for free and independent access without notice, to the Bank, its agents, other authorised persons and servants along with any vehicles required for such purpose or for the removal of the goods from such godown(s) from time to time and at all times and the Borrower(s) agree to indemnify the Bank against all losses or damages caused on account of any obstruction, impediments or hindrances for whatever reasons, to the free and independent access of the Bank to the said godown(s). The Borrower(s) agree to produce the original lease/rent agreement and its renewal providing such free and independent access if taken separately, to the Bank immediately on execution there of or on sanction of the credit facility hereunder for scrutiny and verification of the Bank.

IV. That interest shall be charged on the outstanding in the account(s) opened in respect of various credit facilities at such rates as would be fixed by the Bank from time to time at the rates specified in the respective Credit Facility Agreement and as revised from time to time and charging of such revised rate of interest and other charges, expenses etc. debited in the account(s) shall always be construed as agreed to be paid by the Borrower(s) and hereby secured.

V. That the Bank shall not be required to grant or continue all or some or any of the aforesaid credit facilities otherwise than at Bank's discretion and in no circumstances of sums exceeding the amount specified hereinabove or a sum equal to a stated percentage of the value of hypothecated goods, which the Bank may specify from time to time, whichever may be less, valuation being done in the manner and at the rates approved by the Bank. The drawing power shall be arrived at only against fully paid stocks.

VI. That the Borrowers shall make and furnish to the bank all statements and returns of the cost and market value of the hypothecated goods and full description thereof and produce such evidence in support thereof at such intervals as may be specified by the Bank or as the Bank may require from time to time and shall maintain in favour of the bank a margin at such percentage mentioned in the sanction letter or as determined by the bank from time to time. Margin stipulated is the difference in percent between the market value of the goods from time to time and the balance due to the Bank for the time being. Such margin shall be calculated on the open market value of hypothecated goods as fixed by the bank from time to time and shall be maintained by the borrowers either by hypothecation of further goods to be approved by the bank in writing or by cash payment by the borrowers immediately on the market value for the time being of hypothecated goods becoming less than the aggregate of the balance due to the bank plus the amount of margin as calculated above.

VII. That the borrower/s shall make and furnish to the bank a list of 'hypothecated book debts' with full particulars and description and produce such evidence in support thereof as may be required by the bank from time to time. Borrower/s also agree to submit to the Bank similar lists at intervals as may be required by the bank. The borrower further agrees to maintain in favour of the bank margin as specified in the sanction letter or determined by

the bank from time to time and such margin is the difference in percent between the total dues by way of book debts from time to time and the balance due to the bank. Book Debts beyond such period stipulated by the bank will not be considered for the purpose of arriving at drawing power.

VIII. The borrower agrees with the Bank that unless otherwise agreed to by the Bank, the borrower shall repay the aforesaid credit facilities to the Bank forthwith on demand all such amount outstanding in the respective account(s) together with compound interest, additional interest, damages, costs, charges, expenses and other moneys payable thereon as specified in the Credit Facility Agreement and/or other loan documents. Failure of the borrower to repay shall entail in the Borrower being treated as defaulter and the amount due as in default is recoverable by invoking the provisions as to defaults as hereinafter contained.

IX. The borrower/s shall permit the bank, their agents and servants from time to time and at all times to enter upon any godowns and premises where in the hypothecated goods or any part thereof may for the time being be and to view, inspect and value the same and take inventories thereof or to take possession thereon and render to the bank and their servants all facilities as may be required for any of the purpose aforesaid and the borrowers shall permit to display the bank sign board, if the bank so desires, upon any godowns or premises wherein the hypothecated goods or any part thereof may, for the time being, be to serve as a notice to the public about the bank's interest in the stock.

X. That the Hypothecated goods shall be kept at the Borrower's risk and expenses in good condition and fully insured against fire and/or such other risk(s) as the Bank may from time to time stipulate in the name and sole benefit of the Bank or in the borrowers name with Bank clause incorporated therein, as may be stipulated by the Bank, with an insurance company approved and suggested 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 fails to effect such insurance, the Bank may, without being obliged to do so, insure the movable and other assets against fire and such other risk(s) in the name of the Bank or in the borrowers name with Bank clause incorporated therein, as may be decided by the Bank at its absolute discretion and debit the premium and such other charges to any account of the Borrower opened or to be opened. The Borrower agrees that debiting of insurance premium for a particular year(s) will not cast any obligation on the Bank to take out insurance policies of the secured assets in subsequent years. In the event of Bank being at any time apprehensive that the safety of the goods/assets is likely to be endangered owing to riot and/or strike (including fire arising therefrom) and/or floods, earthquakes etc. and/or also resulting in the loss of production therefrom, the Bank may at its own discretion, but without being bound to do so, insure or require the Borrower to insure against any damage arising there from, the cost of such extra insurance being payable by the Borrower be debited to any such account. If the Bank desires that the assets shall be insured against theft, the Borrower shall provide sufficient cover therefor. The Borrower agrees that in the event of loss of insured asset, the Borrower shall submit the insurance claim to the insurance company under intimation to the Bank and in the event of receipt of claim amount directly from the insurance company the Borrower undertakes to remit the same to the Bank. The Borrower further expressly agrees that 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 also to receive all monies 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 question that a larger sum might or ought to have been received or be entitled to dispute its liability for the balance remaining due on any account or accounts after such credit. Provided that the Bank may at its sole, absolute and unqualified discretion waive all or any of these requirements.

XI. That borrower/s shall punctually pay all rents, taxes and other outgoings of the godowns and premises where in the hypothecated goods shall be and keep the same free from distress. The borrower/s shall also pay the bank on or before the first day of every month necessary charges to defray the cost to the Bank to examine and report on the stock. The borrowers shall also pay the bank the cost of every bank sign board affixed at the borrowers premises and godowns wherein the hypothecated goods or part thereof may be stored. The borrowers shall also pay the inspection fee/cost for the inspection of the goods.

XII. The borrowers hereby declare that all the hypothecated goods/machineries, book debts and other assets are the absolute property of the borrowers at the sole disposal of the borrowers and free from any prior charge or encumbrance and that all future goods and property hereunder shall be likewise their unencumbered undisposed property and that the borrowers have not done or knowingly suffered or been party or privy to anything whereby they are in anywise prevented from hypothecating the hypothecated goods in manner aforesaid and that the borrowers will do and execute at their cost all such acts and things for further and more particularly assuring the hypothecated goods or any part thereof to the bank as shall be required by the bank and for giving better effect to these presents the borrowers authorize and irrevocably appoint the bank and/or other officers as attorneys and attorney for and in the name of the borrowers to act on behalf of the borrowers and to execute and do any act, assurance and thing which the borrowers ought to execute and do under these presents and generally to use the name of the borrowers in the exercise of powers hereby conferred.

XIII. That the hypothecated goods and all sales realizations and insurance proceeds thereof shall be held as the banks exclusive property specially appropriated to this security and the borrower/s will not create any mortgage, charge lien or encumbrance effecting the same or any part thereof nor do anything which would prejudice this security and the borrowers shall not part with the hypothecated goods save by way of sale in the ordinary course of the borrowers business and as hereinafter provided nor shall any sale be made after prohibition in writing from the bank against selling.

XIV. As between the bank and the borrowers, the borrowers hereby agree to hold the said hypothecated goods as bailees for the bank in trust and the bank is hereby given all powers and the bank can exercise its usual remedies against the borrowers and deal with the hypothecated goods in the usual manner as if the same are pledged commodity and to enforce their lien and right of set off against the borrowers.

XV. The bank and their officers and agent shall be entitled any time as if absolute owners and without notice to the borrowers but at the borrowers risk and expenses and if so required as attorneys for and in the name of the borrowers to enter and remain at any place where the hypothecated goods shall be and to take possession or recover and receive the same and/or appoint any officer(s) of the bank as receiver/s of the hypothecated goods and/or sell by public auction or private contract or otherwise dispose of or deal with all or any part of the

hypothecated goods and to enforce realize settle compromise and deal with any of the aforesaid without being bound to exercise any of these power or being liable for any loss in the exercise thereof and without prejudice to the banks rights and remedies of suit against the borrowers and to apply the net proceeds of such sale in or towards liquidation of the balance due to the bank and borrowers hereby agree to accept the bank account sales of realization and to pay any shortfall or deficiency therein shown.

XVI. That if the net sum realised by such sale be insufficient to cover the balance then due to the bank, the bank shall be at liberty to apply any other money or moneys in the hands of the bank standing to the credit or belonging to the borrowers or any one more of them in or towards payment of the balance for the time being due to the bank and in the event of their not being any such money or moneys as aforesaid in the hands of the bank or in the event of such money or moneys being still insufficient for the discharge in full of such balance the borrowers promise and agree forthwith on production to them further balance which may appear to be due by the borrowers thereon. PROVIDED ALWAYS that nothing herein contained shall deemed to negate qualify or otherwise prejudicially affect the right of the bank (which it is hereby expressly agreed that bank shall have) to recover from the borrowers the balance for the time being remaining due from borrowers to the bank notwithstanding that all or any of the said hypothecated goods may not have been realised.

XVII. 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 for the bank to retain and apply the said surplus together with any other money or moneys belonging to the borrowers or any or more of them 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 or liquidation of any and all other moneys which shall be or may become due from the borrowers or any one or more of them whether solely or jointly with any other person or persons, firm or company to the bank by way of loans discounted bills, letters of credits, guarantees, Charges or on any other debts or liability including Bills, Notes, Credits and other obligations current though not then due or any one or more of them or which the law of more of them may have against the borrowers or any one or more of them or which the law of set off or mutual credit would in any case admit and whether the borrowers or any one or more of them shall become or be adjudicated bankrupt or insolvent or be in liquidation or otherwise and interest thereon from the date on which any and all advance or advances in respect thereof shall have been made at the rate of respective rate at which the same shall have been so advanced.

XVIII. That the borrowers shall, with the previous consent of the bank, be at liberty from time to time to sell or dispose of in any manner the hypothecated goods or any part thereof provided the advance value of such good is paid into the said account or goods of a similar nature to those mentioned in the Schedule hereto, or any of the same, and of at least equal value are substituted for the goods so sold or disposed of after approval of the bank obtained in writing.

XIX. That this agreement is to operate as a 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 Cash Credit account including all moneys lent, advanced, paid or incurred on such account or which may in future be advanced or incurred together with interest, discount, commission,

and other banking charges as fixed by the bank from time to time law and other costs, charges and expenses which may be or become payable in consultation therewith and the said account is not to be considered to be closed for the purpose of this security and the security of hypothecated goods is not to be considered exhausted by reason of the said cash credit account being brought to credit at any time or from time to time or of its being drawn upon to the full extent if afterwards reopened by a payment to credit.

XX. 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 hypothecated premises, the subject of this Agreement to whatever cause or manner arising whether such hypothecated premises 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 from and against all suits, proceeding, costs, charge claims and demand whatsoever that may at any time arise or 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 the said hypothecated premises or in pursuance of the rights and powers of the bank under this Agreement.

XXI. That the borrower shall display the bank's name on the godown, factory and other places approved by the bank where such goods and assets as are hypothecated to the bank and against which limits and for purposes of drawing have been fixed under all or some or any of the aforesaid facilities have been stored indicating that such goods and assets are hypothecated to the bank.

XXII. Provided always that this agreement is not to prejudice the rights of remedies of the bank against the borrowers irrespective and independent of this agreement in respect of any other advances made to be made by the bank to the borrowers.

XXIII. That if the borrower(s) be more than one individual each one or any of them is/are authorized and empowered by the other(s) of them to admit and acknowledge his/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 constructed to have been made on behalf of each of them.

IN WITNESS WHEREOF the Borrower has executed these presents on the day and year mentioned in Schedule I(a) of this agreement.

BORROWER/S

SCHEDULE – I

a.	Date and Place of Agreement	
b.	Details of the Borrower(s)	
	Name of the Borrower(s)	
	Constitution of the Borrower(s)	
	PAN/ TAN/ CIN of the Borrower	
	Name(s) of the signatories/ authorised signatory(ies)	
	Address of the Borrower	
c.	Details of the Branch	
	Name of the Branch	
	Address of the Branch	

SCHEDULE – II

Sl.No.	Nature of Facility	Amount of Credit Facility (In Rupees)
	TOTAL	

All of the above aggregating to Rs. _____ (Rupees _____ only)
together with all interest, costs, charges etc.,

SCHEDULE – III

Address of the shop/ godown/ place where the hypothecate shall be brought in, stored or be in	
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SCHEDULE - IV

(Description of Hypothecated Security)

(Strike off whichever is not applicable)

Machinery/ Vehicles

All kind of machinery and/ or vehicle(s), its/their accessories, implements etc., purchased/ to be purchased vide invoice No. _____ dated _____ and/ or belonging to the Borrower(s) which now or hereafter from time to time during the continuance of this agreement shall be

brought in, stored or be in or about their premises or godowns at the place specified in Schedule III to this Agreement or any other godown(s) as approved by the Bank or be in course of transit from one godown to another or from one place to another or wherever else the same may be.

Stock – in – trade / Goods

All the tangible movable properties such as stock – in – trade and goods of the borrower which now or hereafter from time to time during the security shall be brought in stored or be in or about their premises or godownat the place specified in Schedule III to this Agreement or any other godown(s) as approved by the Bank or be in course of transit from one godown to another or from one place to another or wherever else the same may be.

Details of Actionable Claims/ Other Movable Property including Book Debts. Government Supply Bills and other Assets Hypothecated/assigned to the Bank.

All the present and future actionable claims and other movable property that may arise or come into existence in the future, including book debts, decrees and decretal debts, outstanding moneys receivable, hire purchase receivable/ documents and contractual rights arising there from, other claims, (including counter-claims and claims under insurance policies including life insurance Policies), bills including Government supply bills, contracts, securities, investments, bank deposits and other deposits, beneficial rights to other movable property and other assets of the borrower

BORROWER/S