

## HYPOTHECATION AGREEMENT

THIS AGREEMENT executed by \_\_\_\_\_ (hereinafter called 'The Borrower' which term shall mean and include all his heirs, legal representatives, executors, administrators, assigns, attorneys and successors -in -interest) in favour of **Vijaya Bank**, a body corporate having its Head Office at Bangalore and amongst others a branch at \_\_\_\_\_ (hereinafter called 'The Bank', which expression shall mean and include all its assigns and successors -in -interest).

WHEREAS, at the request of the Borrower, the Bank has granted / agreed to grant to the Borrower the loans / borrowal facilities mentioned in Schedule 'A' here below (which are hereinafter collectively referred to as 'the loans').

WHEREAS, the Borrower has, inter alia offered to the Bank as security for the loans, the movable assets of the Borrower described in this Agreement.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of the above understanding the borrower hereby hypothecates in favour of the Bank the movable assets of the Borrower described in schedule 'B' here below (all of which are hereinafter collectively called "the securities") to the end that the charge by way of the said hypothecation shall be security by way of first charge in favour of the Bank for due repayment and discharge on demand of the loans and all liability of the borrower to the Bank in relation to the loans or any part thereof as determined by the Promissory Notes, other negotiable instruments Undertakings, agreements, etc. executed endorsed or entered into by the Borrower with or in favour of the Bank in relation to the loans or any part thereof.

2. If the securities or any part thereof are yet to come into possession / custody and use of the Borrower, the Borrower shall intimate the Bank in writing about the receipt thereof, as soon as the same are received by the Borrower and notwithstanding the fact whether the Borrower intimates the Bank accordingly or not, the same shall be deemed to have been included in the schedule 'B' here below under the appropriate heading appearing therein.

3. The borrower shall make and furnish to the Bank, daily, weekly monthly or quarterly as may be required by the Bank, statements and returns of the stock and other movables constituting the securities and market value or cost price or book value thereof and produce such evidence in support thereof as the Bank may from time to time require and shall keep and maintain in favour of the Bank, sufficient margin as stipulated by the Bank, from time to time between the market value / cost price from time to time of the securities and the moneys due to the Bank for the time being.

4. The borrower shall hold the securities as agent of and in trust for the Bank and shall always maintain them and every part thereof in perfect condition, the opinion of the Bank as the state of their condition being conclusive, final and binding on the borrower.

5. During the time the Borrower remains indebted to the Bank, the Borrower shall not encumber or charge the securities or create any lien thereon or otherwise howsoever deal with the same or any part thereof or do or suffer or allow anyone to deal with them in any manner as would diminish or impair the value of the security or any part thereof and if by any act or omission on the part of the Borrower or anyone dealing with the securities the value of security thereof created in favour of the Bank shall be diminished or impaired, then, without prejudice to the Bank's right to recall the loan and enforce the security or take any other action against the Borrower, the Borrower shall forth with furnish to the Bank such other or additional security as may be acceptable to the Bank.

6. The Bank may in its absolute discretion permit the Borrower subject to such terms and condition as it may consider appropriate to deal with the securities and if the Bank shall permit the Borrower to sell the securities or any part thereof the full proceeds thereof shall be paid to the Bank and the Bank shall apply it in repayment of the loans and or interest thereon and / other monies, cost and charges as may be then payable by the Borrower to the Bank.

7. The Borrower shall insure and at all times keep insured, the securities, in the joint names of the Borrower and the Bank, with insurers approved by the latter in such sums and against such risks as the Bank may require from time to time AND if the Bank shall not specify the sums in which or the risk against which the securities should be insured the Borrower shall insure them against all risks for the full market / invoice value whichever shall be higher. On failure by the Borrower so to insure securities or to keep the insurance alive, the Bank shall be at liberty to effect and keep alive such insurance as long as the Bank's charges over the security subsists, at the expenses of the Borrower and to recover by debiting the same to any of the account covering the loans. Amounts so debited shall form part of the principal amount due by the Borrower in respect of the loans.

8. The securities, all sale proceeds of the securities or any of them and receipts for the insurance referred to above shall be exclusively appropriated in repayment of the loans.

9. The Borrower shall produce to the Bank, whenever required to do so, all documents of title and receipts for the insurance premium paid and / or all other documents relating to the securities.

10 (a) The Borrower shall at all times permit the Bank, its officers / servants or its representatives to inspect, evaluate, make an inventory or take possession of the securities or any part thereof and for that purpose the Bank or any of its officers or agents shall be entitled to enter upon and remain at any place where the securities are stored.

(b). In case the securities are kept / stored / erected / installed in any rented / leased premises the Borrower shall see that up-to date rents are paid from time to time. In the event of the Borrower's failure to do so, the Bank reserves its right to recall the entire amount due towards the loans if the default in payment of the rentals by the Borrower is likely to prejudice the security of the Bank.

(c) Wherever the way to the premises (where the securities are stored / erected / installed) is so arranged through the premises of some third parties, the Borrower shall also undertake to obtain and furnish to the Bank a "Letter of Access" from such persons to enable any of the official/s of the Bank to come and inspect the machinery from time to time, during the currency of this Agreement.

11. The Borrower shall from time to time, obtain / renew all sanctions, licence, Permits consents of local or other authorities, institutions or individuals as may be necessary or desirable for the carrying on the Borrower's business or acquiring or retaining all or any part of the securities AND for all or any of such purposes to pay and discharge all taxes, rates, fees or outgoings and payments of whatsoever kind or nature and produce the receipts in support of such payments whenever called upon to do so by the Bank, on the failure of the Borrower to do so the Bank may without being bound to do so, pay the said taxes, rates, rents and outgoings and payments so made by the bank shall be secured under this agreement.

12. WITHOUT prejudice to the generality of the foregoing clause, the Borrower, agrees that:

1. If the securities include vehicles of the Borrower described in part II of Schedule B the Borrower shall get noted (if not already noted in favour of the Bank) the Hire Purchase endorsement in favour of the Bank in the registration Certificate of the said Vehicles and for the said purpose this agreement shall be treated as a Hire Purchase Agreement. The Borrower shall pay all taxes and renew the fitness certificates at the proper time and produce to the Bank the vouchers, receipts and certificates for having done so for verification and records of the Bank and shall keep the said vehicles in good running order/free from distress. For the purpose of the Agreement, the terms, "Vehicles" shall also means and include the keys and other accessories of the vehicles and other documents relating there to like trip sheets, registration books, tokens for payment.

2. If the securities include the crop described in part 3 of the schedule (B):

i) The Borrower shall not cut the crop when the Bank prohibits him to do so and shall at all times, scrupulously follow the instructions of the Bank if any in regard to cutting, harvesting storing, packing transferring and selling, the crop and also with regard to the organisations authorities and parties to whom such cut or processed crop is to be sold.

ii) The Borrower shall, if the Bank requires him to do so, enter into arrangements with the parties to whom the crop is to be sold from time to time, and / or for remitting the sale price directly to the Bank and the Borrower shall deliver to the Bank, such letters, deeds, Power of Attorney, authorisations, etc., executed, stamped, attested and registered in such manner and form as the Bank may require from time to time and also necessary undertakings from the said buyers for remitting the proceeds of sale directly to the Bank.

iii) Without prejudice to the generality of the foregoing, if the crop consists of or includes coffee crop. Borrower shall (a) sign and deliver to the Bank from time to time letter addressed to the Coffee Board in such form as

required by the Bank for noting the lien of the Bank on the said coffee crop and shall deliver the said coffee crop only to the pool agents named in the said letter and (b) authorise the Bank by irrevocable Powers of attorney executed from time to time to receive all moneys payable by the Coffee Board to the Borrower.

13. The securities shall be continuing security for the Bank for all moneys owing to or to any office or branch of the Bank by the borrower whether singly or jointly with any other person / s either as principal debtor or as surety and in whatsoever capacity either under these present or under any other account either whatsoever.

14. The Bank shall at all time be at liberty and shall have the option to sue the Borrower only for interest due in respect of the loans or to enforce only a part of the security given to by the Borrower or on the basis of the loan documents executed by the Borrower independently of and without prejudice to the Banks rights and remedies under these presents.

15. Notwithstanding anything contained herein, or in and other documents executed by the Borrower/s in favour of the Bank, the Bank shall in its discretion have the right to demand the payment: of all money due under this agreement and enforce its security upon the happening of an: one or more of the following events, viz.

- (a) Any instalments of the principal moneys, due in respect of the loans whether payment thereof is demanded or not, remain up-paid on the due date for payment:
- (b) Any interest due in respect of the loans remaining unpaid and in arrears after the same shall have become due whether demanded or not:
- (c) The Borrower committing breach of any of the provisions herein contained or default in the performance or the observance of his obligations under these presents and / or the loan documents or any other terms or conditions relating to the loans;
- (d) The borrower entering into any arrangement or composition with any of his creditor (s) in relation to the payment or discharge of his liabilities to any such creditor (s);
- (e) The Borrower or any person constituting of Borrower/any partner of the Borrowers firm where the Borrower happens to be more than one individual or a partnership firm becoming bankrupt or committing any act of insolvency.
- (f) Any execution attachment or distraint being enforced or levied against the whole or any part of the Borrowers Property;
- (g) A receiver being appointed in 'respect of the whole or any part of the property of the Borrower.
- (h) The Borrower ceasing or threatening to cease, to carry on the activity / activities for the purpose for which the loans are borrowed or availed;
- (i) The occurrence of any circumstance which is prejudicial to or impairs, imperils or depreciates or is likely to prejudice, imperil, or depreciate the value of the security given to the Bank;
- (j) The occurrence of any event or circumstances which would or is likely to prejudicially or I adversely effect in any manner whatsoever the capacity

of the Borrower to repay the loans.

- (k) The Borrower (if a company) going into liquidation (except for the purpose of amalgamation or reconstruction);
- (l) The Borrower (if a partnership firm) going into dissolution / reconstitution without the previous written permission of the Bank.
- (m) The Borrower and in the case of a partnership firm, any of the partners of the Borrower being adjudicated insolvent or taking advantage of any law for the relief of the insolvent debtors and also be entitled to (i) enter and remain at any place where the securities shall be (ii) to take possession of the same or any part thereof (iii) sell and dispose the securities by public auction, private treaty or otherwise and apply the net proceeds of the sale towards the liquidation of the loans interest thereon and all other amounts due by the borrower to the Bank.

The decision of the Bank shall be final, conclusive and binding on the borrower as regards to occurrence or otherwise.

16. In the event of the amounts, realised by the sale of the securities by the Bank under this agreement, being insufficient to fully repay all amounts due by the Borrower to the Bank, the Borrower hereby agrees and covenants to pay such shortfall or deficit forthwith to the Bank and the Bank shall also in its absolute discretion be entitled to apply and adjust any other security or property belonging to the Borrower and in the Bank's possession towards or against the loans and I or other dues owned by the Borrower to the Bank.

17. In the event of there being a surplus in such sale proceeds or other realisation of the securities, after payment in full of the money dues to the Bank, it shall be lawful for the Bank to retain and apply the said surplus so far as the same shall extend in or towards payment or liquidation of any other moneys due from the Borrower by way of loans, discount of bills, letter of credit, guarantee, charge or of any other demand, legal or equitable against the Borrower or any other indebtedness future or contingent and whether matured or not, due solely or in conjunction with any person or persons which the law of set off or mutual credit would any case admit, together with interest on the said claims at such rate as the said documents provide and after adjustment of all liabilities stated above, the surplus if any shall be held by the Bank account of the Borrower.

18. Nothing contained herein shall affect, diminish, limit, negative or take away the right of the Bank to recover personally from the Borrower or from Borrowers' other properties the balance for the time being due of the loans notwithstanding that all or any of the securities may not have been sold or realised. And nothing herein contained shall prejudice or affect the right and remedies of the Bank apart from and irrespective of the Deed of Agreement in respect of any other debts liabilities or obligations due by the Borrower to the Bank.

19. The Borrower hereby declares that the securities are the property of the Borrower over which the Borrower has full right of disposal that the securities are free from any encumbrance whatsoever, that the future goods and property hereunder shall be likewise unencumbered property of the Borrower disposable by the Borrower that the Borrower has not done or knowingly suffered or been party or privy to anything which prevents the Borrower hypothecating the securities.

20. The Bank shall at all times be entitled to appoint any receiver agent or attorney as it deems fit for exercising any of its rights in respect of the whole or any part of the securities and also to move a court of law or other authorities for such appointment.

21. In this agreement, unless expressly excluded by the context (i) all words in plural shall also mean and include corresponding words in singular and vice versa and (ii), all words in masculine gender shall also mean and include corresponding words in feminine gender, with necessary grammatical changes following in the other connecting and related words and phrase.

22. (i) The borrower hereby agrees and gives consent for the disclosure by the Bank of all or any such:

- a) information or data relating to the borrower.
- b) information or data relating to any credit facility availed of / to be availed by the borrower and
- c) default, if any, committed by the borrower in discharge of its obligation.

as the Bank may deem appropriate and necessary, to disclose and furnish to Credit Information Bureau (India) Ltd. and any other agency authorized in this behalf by RBI.

(ii) The borrower declares that the information and data furnished by the borrower to the Bank are true and correct.

(iii) The borrower, undertakes that

- a) The Credit Information bureau (India) Ltd and any other agency so authorized may use, process the said information and data disclosed by the bank in the manner as deemed fit by them and
- b) The Credit Information Bureau (India) Ltd. and any other agency so authorized may furnish for consideration the processed information and data or products thereof prepared by them, to banks/financial institutions and other credit grantors and registered users as may be specified by Reserve Bank of India in this behalf.

23. The borrower shall not induct a person, who is director on the board of a company which has been identified as wilful defaulter and in case such a person is found to be on the board of the borrower company, it would take expeditious and effective steps for removal of the person from the Board.

#### **SCHEDULE - A**

| Sl. No | Particulars of loan / facility |             | Terms of repayment | Rate of interest | Rate of penal interest |
|--------|--------------------------------|-------------|--------------------|------------------|------------------------|
|        | Description                    | Amount (Rs) |                    |                  |                        |
|        |                                |             |                    |                  |                        |
|        |                                |             |                    |                  |                        |

The rate of interest and penal interest mentioned in this schedule are liable to be enhanced by the Bank at any time without any notice to the borrower.

### **SCHEDULE – B**

#### **Part I - Machineries**

Machineries, plants, accessories and tools pertaining thereto described in general terms here below, which are in the possession and use of the borrowers and / or under the process of manufacture by the manufacturers thereof and / or in transit by road, rail, sea or air or lying in any other place to be hereafter from time to time brought and erected / installed and stored in the premises of the borrower.

| Sl. No | Description | Invoice / Market value (Rs) | Place of location |
|--------|-------------|-----------------------------|-------------------|
|        |             |                             |                   |
|        |             |                             |                   |

#### **Part II - Vehicles**

The vehicles described in general terms already registered and / or to be registered in the name of the Borrower / any of the partners / directors of the borrower firm / company and / or to be supplied by the manufacturers / dealers / body builders thereof to the borrower.

| Sl. No | Make and description of the vehicle | Engine No | Chassis No | Registration No |
|--------|-------------------------------------|-----------|------------|-----------------|
|        |                                     |           |            |                 |
|        |                                     |           |            |                 |

#### **Part III - Crop**

The crop (including trees and plants and all by -product thereof) existing or to be raised from time to time briefly described here below and subject to the covenant contained in this agreement cut and or stacked on the lands / gardens / estates of the Borrower briefly described here below and / or stored at the Borrower's godowns, thrashing floors, granaries or wherever else held for or on behalf or on account of the Borrower and in course of transit from one place to another.

Particulars of the lands / gardens / estates:

| Survey No | Village | Taluk & district | Extent in acres | Name of crop | Coffee registration No |
|-----------|---------|------------------|-----------------|--------------|------------------------|
|           |         |                  |                 |              |                        |
|           |         |                  |                 |              |                        |

**Part IV - Live stock**

Animals, poultry, fish or other livestock briefly described here below purchased and I or to be purchased, kept and I or to be kept from time to time in the yards, premises and tanks of the Borrower and at other premises where-so-ever by or on behalf or on account of the Borrower and which are in course of transit from one place to another and their natural off springs and eggs.

| Sl. No | Description | Age | Breed | Identification mark | Value (Rs) |
|--------|-------------|-----|-------|---------------------|------------|
|        |             |     |       |                     |            |
|        |             |     |       |                     |            |

**Part V - Other Assets**

The goods whether raw, finished or in the process of manufacture and / or implements and / or other movables which are now stored and / or hereafter from time to time purchased and bought and stored in or about the godowns / premises of the Borrower or anywhere else as the case may be by or for or on behalf of the Borrower briefly described here below

| Sl. No | Description | Place of storage |
|--------|-------------|------------------|
|        |             |                  |
|        |             |                  |

IN WITNESS WHEREOF the borrower has signed these presents on this day of \_\_\_\_\_ at \_\_\_\_\_

**BORROWER**