**DEED OF HYPOTHECATION OF BUSINESS ASSETS WITH BANK AGAINST CREDIT FACILITIES**

This Agreement made on this \_\_\_\_ day of \_\_\_\_\_

Between

M/s\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

a company incorporated under the Companies Act, 1956 and having its registered office at \_\_\_\_\_\_\_\_

hereinafter called "the Company" of the one part

And
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Bank Ltd

 a company incorporated under the Companies Act, 1956 and having its registered office at \_\_\_\_\_\_\_\_\_

 hereinafter called "the Bank" of the one part

Whereas the Company wants to have credit facilities from the Bank to the extent of Rs.\_\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) to doing its business operations more smoothly and the Bank has consented to grant the credit facilities to the limit of Rs.\_\_\_\_\_\_\_\_\_ (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) and on terms and conditions hereinafter appearing.

Now This Agreement Witnesseth as Follows:

1. Consideration

That in consideration of the credit facilities to the limit of Rs.\_\_\_\_\_\_\_\_\_\_ (Rupees\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) granted by the Bank to the Company, the Company hereby consents, declares and agrees that all business assets of the Company, held at present as well as in future, which are movable including but not restricted to sundry debtors, stocks, loans and advances of whatsoever nature, investment, furniture's and fixtures, vehicles, \_\_\_\_\_\_\_\_\_\_\_\_\_, etc., wherever kept and stored shall stand hypothecated to the Bank by way of a first charge as security for the payment of all amounts due to the Bank under the credit facilities allowed by the Bank by the time such credit facilities are enjoyed by the Company. Provided that the value of the business assets as stated as above shall, for all times after it, be at least \_\_\_per cent of the amount due to the Bank per said credit facilities and if, at any time, the value of the business assets decreases than the above stated percentage, the Company shall endeavour enhancing its business assets for making the value of the business assets in accordance to above stated percentage.

2. Interest

The Bank shall charge an interest @ \_\_\_% annually on the amounts due under the said credit facilities which rate may, however, vary basing on the Instruction issued by the Reserve Bank of India, from time to time. The interest so due as stated above shall be calculated on monthly basis, debited by the Bank to the account of the Company on the last working day of each month.

3. Companys Agreements

The Company hereby agrees that:

(i) All business assets hereinabove stated presently held by the Company are in existence and the complete property of the Company, which have not been pledged, mortgaged or charged, in any manner whatsoever by, the Company.

ii) The Company shall, all times after it and at its own costs /charges, keep all business assets, if held presently or purchased subsequently , in good conditions and properly insured against loss or damage of whatever nature and the insurance policies concerning thereof be shown or, if so intended by the Bank, be handover to the Bank. When the security continuing, the Company shall pay whole insurance premier /sums of money compulsory for enforcing such insurance. In case of any damage or loss suffering to the said business assets or any portion thereto the Company shall immediately get the same repaired or substituted as the case may be or arrange recovery of entire amount or to be recovered from the insurance Company to the Bank towards the payment of the amount due under the said credit facilities.
(iii) So long as the business assets hereinabove stated, if presently held or bought subsequently, remain hypothecated to the Bank, the Company shall not pledge, mortgage, hypothecate, transfer or part with or in any way deal with them without obtaining permission of the Bank in this behalf.
(iv) The Company shall, all times after it, allow the Bank/ its agents and representatives for entering any premises of the Company having hypothecated business assets, for inspecting those assets physically as well as the accounts & other records concerning thereof and take details of the same.
(v) The Company shall present to the Bank, on monthly basis (or as intended by the Bank from time to time) such statements /other documents concerning the business assets hypothecated to the Bank as needed by the Bank.

4. Liability in case of loss or damage

The Bank shall not be responsible to the Company for any loss /damage, of whatsoever nature, to said business assets which may occur whether or not the said business assets are in the custody /possession of the Bank. the Company shall keep compensate the Bank including its agents and representatives from and against any claims, demands and other costs that may, at any time after it, emerge concerning anything done validly by the Bank including its agents /representatives concerning the said business assets.

5. Default by Company

If the Company default in repaying the said credit facilities, by any reason whatever or default in carrying out any the terms of this deed, Bank may seize by taking possession of said business assets and sell all the said business assets or any of them either by public auction or private contract and may, out of the sale proceeds, reserve the balance of the amount due in the said credit facilities and all costs, charges and expenses, and payments incurred /made in relating sale of the said business assets or otherwise and shall paying the surplus, if any, to the Company.

In Witness Whereof, the parties hereunto have executed these presents on the day and year first above written.

For and on Behalf of M/s \_\_\_\_\_\_\_\_\_\_

(Company)

For and on Behalf of \_\_\_\_\_\_\_\_\_\_\_\_

(Bank)

Witness:

1.

2.