

**HYPOTHECATION AGREEMENT  
(Packing Credit)**

THIS AGREEMENT IS MADE at \_\_\_\_\_ this \_\_\_\_\_ day of  
\_\_\_\_\_ Two Thousand \_\_\_\_\_ between \_\_\_\_\_

hereinafter called the Borrower (which expression shall include where the context so admits, its successors and assigns) of the one part of TJSB SAHAKARI BANK LTD, a bank registered under the Maharashtra Co-operative Societies Act, 1960 (act VII of 1925), as amended by Multi State Co-operative Societies Act, 2002 (39 of 202) and having its Head Office at TJSB House, Plot No. B-5 Road No. 2, Wagle Industrial Estate, Thane (W)-400604 hereinafter called 'THE BANK' (which expression shall wherever the context so admits be deemed to include its successors and assigns) of the other part.

In this unless the context and agreement otherwise implies the expressions defined hereunder shall have the respective meanings assigned to them.

- i) The Singular wherever used shall include plural and vice versa
- ii) The masculine gender used herein shall include feminine and/or neutral gender wherever applicable.

WHEREAS the borrower has applied to TJSB SAHAKARI BANK LTD. for Letter of Credit (Inland/Import) / Packing Credit facility of the aggregate limit of Rs.

( hereinafter referred as „the loan/ cash credit“ for the sake of brevity) which the said Bank has agreed to grant by a loan / cash credit account/s to be opened by the said Bank to the extent hereinafter mentioned and upon having the amount to become due to the said Bank on such loan/cash credit account/s to be opened as aforesaid and interest thereon and all costs charges expenses and all other monies hereinafter mentioned secured in manner hereinafter appearing NOW THIS AGREEMENT WITNESS and it is hereby agreed and declared as follows:

1. Subject to the provisions of Clause 6 below, the said Bank shall open in its books loan/cash credit account/s in the name of the borrower to the total extent of Rs.
2. The Borrower doth hereby covenant with the said Bank on demand to pay to the said Bank at \_\_\_\_\_ at the office of the said Bank or whenever demanded the amounts due at foot of the said Loan/Cash Credit account/s opened as aforesaid by the said Bank together with interest by the rates hereinafter provided and all costs (Between attorney and client), charges and expenses incurred by the Bank for the preservation, protection, defence and perfection of the security hereby created or for attempted or actual realisation or enforcement thereof.

3. So long as any moneys are outstanding in any of the said Loan/ Cash Credit accounts with the said Bank, the borrower will pay to the said Bank interest as follows:-  
\_\_\_\_\_ % above / below the Bank's Prime Lending Rate (PLR) with minimum of \_\_\_\_\_% p.a. with monthly rests on daily balances at foot of the account, until exhausted by credits by negotiation/purchase of documents or \_\_\_\_\_days whichever is earlier and thereafter \_\_\_\_\_ percent over PLR with a minimum of \_\_\_\_\_% p.a. at the discretion of the Bank.

Specifically provided that in case of any non compliance on the part of the borrower, either by way of non-payment or under payment of any interest, charge, cost and/or the principal, beyond the respective due date/s and/or by way of any other contractual or administrative non compliance or under compliance in the part of the borrower, then in such case the bank shall be entitled to and be at liberty to charge the penal interest to the maximum extent of 2% p.a. for and in respect of the period/s of default in the manner as aforesaid.

Provided that the loan/cash credit amount together with the interest and charges becoming due thereon and remaining outstanding shall be subjected to such rates of interest and charges to be calculated and levied in accordance with such methods, as may be prescribed by the bank in its own discretion and which may be declared in such manner as the bank may deem fit and proper from time to time.

Provided further that in case the loan/cash credit amount availed for Pre-shipment / Post-shipment is repaid and / or recovered from the amount/s other than export realisations, the interest at commercial rate of interest from date of advance till date of / repayment / recovery will be charged.

4. The Borrower doth hereby hypothecate to and in favour of the said Bank doth charge with the repayment to the said Bank of all principal monies, interest and all costs charges and expenses and other monies to become due hereunder ALL those moveable properties goods and assets of whatsoever nature of the borrower meant or intended from export, both present and future (excepting the properties and assets referred to in the provision hereto) and including but without prejudice to the generality of the foregoing words, all stocks of raw materials goods in process, semi-finished and finished goods of the borrower meant or intended for export, such as

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and/ or any other goods meant intended or being manufactured for export lying in the factory or stored at the borrower's factory / premises in a shed described as " \_\_\_\_\_ Shed" situate in the premises adjoining the main factory shed or at such other place/s as may be advised by the borrower to the Bank from time to time or wheresoever situate and/or transit, now belonging to or that may at any time during the continuance of this security belong to the borrower and meant or intended or being manufactured for export or that may be held by any party to the order and disposition of the borrower )all of which said properties, goods and assets both present and future hereinafter for brevity referred to as "The

\_\_\_\_\_ Hypothecated Goods") to the intent that the

security and charge hereby created shall be the security by way of first charge on all such hypothecated goods aforesaid.

5. The borrower shall always store the Hypothecated goods in the shed called \_\_\_\_\_ Shed situated in the premises adjoining the main factory shed so as to be distinct and separate from the other goods and shall place a board on this said shed or on such other place where the hypothecated goods meant and intended for exports may for the time being be stored with the words „Packing Credit“ goods hypothecated to the TJSB SAHAKARI BANK LTD“ and the said hypothecated goods shall be hold by the Borrower as agent and in trust for the Bank. The borrower shall keep a separate account and stock book in respect of such hypothecated goods and shall send statements as prescribed at periodical intervals of the purchases made and goods utilised for the purpose of manufacturing finished goods.
6. The amounts to be allowed to be outstanding by the said Bank from time to time on the said Loan/Cash Credit Account/s to be opened by the said Bank shall not exceed the total of Rs. \_\_\_\_\_ for principal but the said Bank shall have an absolute discretion to determine what amount within the aforesaid limits it will advance allow to be outstanding from time to time in the loan/cash credit account/s opened by it and the said Bank shall be at liberty to close the account/s and/or refuse to make further drawings thereon at any time without any previous notice to the Borrower.
7. The Borrower doth hereby further covenant with the said Bank as follows:-
  - a) All monies advanced by the said Bank as a clean or security hereof shall be employed solely in and for the purpose of purchasing raw materials and for manufacture of goods meant or intended for export under firm contracts, orders or letters of credit received by the borrowers from their overseas agents, buyer only and not for any other purpose.
  - b) Subject to the proviso following and the powers conferred by this security on the said Bank the Borrower shall not sell and dispose of any of the hypothecated goods. But the Borrower may with previous permission in writing of the said Bank sell such goods and/or on receipt of the documents or sale proceeds deliver documents or pay the net proceeds of the sale in satisfaction (so far the same will extend) of the balances then due and owing on the said Loan/Cash Credit account/s or either of them as hereinafter provided. Provided however the Borrower shall be entitled to sell the finished goods to the overseas buyers from whom the same are manufactured.
  - c) The Borrower shall procure the valid shipping and other documents including insurance policies from E.C.G.C. or such policies as may be required by the said Bank jointly and severally, in respect of goods shipped or to be shipped to the foreign buyers and shall hand-over the same to the said Bank for negotiating and/or realizing the price thereof from the Bankers or the foreign buyer or in such other ways as the agreement for sale provides for the payment of the price thereof. The borrower shall take every care and caution to see that the said shipping and other documents of sale are drawn in conformity with the usual trade practices and shall get the same corrected and/or altered if found defective in manner whatever by the said Bank and shall keep the said Bank indemnified against any loss or against non recovery of the price by reason of any defect in the said documents. In case of default by the borrower to procure the aforesaid documents the Bank shall be

entitled to procure the same as the agent of the borrower and the borrower doth thereby appoint the said Bank its agents attorney for the purpose of procuring such documents and to insure the goods against marine, fire and export risk and to represent the borrower in the office of the Export Controller , E.C.G.C. and such other offices as may be necessary in that behalf and the borrower hereby agrees to ratify and confirm whatever the said Bank shall do in the premises.

- d) The said Bank shall not be responsible if the price payable or receivable by or from the foreign buyers is reduced on account of the changes in the rates of exchange and such loss if any shall be borne by the borrower alone.
- e) The borrower will regulate its drawings out of and payments into each of the said accounts in such manner that the amount due from time to time for principal on each of the said accounts shall be kept as nearly as practicable prorata to the respective limits.
- f) The borrower shall at all times during the continuance of this security keep and maintain such margin of security in favour of the said Bank (hereinafter called the said margin) as the bank may from time to time determine of the cost or market value (market value as found by the said Bank) whichever is lower of the hypothecated goods. If and so often as the said margin shall fail to be maintained, then the Borrower shall forthwith (according as the said Bank may require) either hypothecate to the said Bank further goods or tangible movable property approved by the said Bank and of sufficient value to make up the deficiency or shall reduce the amount for time being due to said Bank by a cash payment so as to maintain the said margin.
- g) The borrower shall whenever so required by the said Bank furnish to the said Bank full particulars of all the assets of the Borrower and of the hypothecated goods and shall allow the said Bank or its authorised agent to take inspection of such hypothecated goods and of all records and will produce such evidence as the said Bank may require as to the cost and value of any such hypothecated goods and it shall be lawful for the said Bank at any time and from time to time during the continuance of this security to appoint and employ at the expense of the Borrower in all respects and either temporarily or for such period as the said Bank shall think fit a person or persons or firm or company to inspect and value on behalf of the said Bank all or any of the hypothecated goods and the borrower shall pay to the said Bank on demand the fees or other remuneration payable to any such person, firm, company and the costs, charges and expenses of and incidental to such valuation (the bank's statement being conclusive) and in default the said bank shall be at liberty to debit the amount thereof to the said loan/ cash credit account in the said banks book. Any such valuation shall be conclusive against the borrower.
- h) If the Borrower shall fail to pay on demand any monies which ought to be paid by it hereunder or shall commit any breach of any agreement on its part herein contained or if any circumstances shall occur which in the sole judgment of the said bank is prejudicial to or imperils or is likely to prejudice or imperil this security or if any distress or execution is levied or endorsed against any property or assets whatsoever of the Borrower or any person firm or company shall take any steps towards applying for obtaining as order for the appointment of a Receiver of any property or assets whatsoever of the Borrower or if such Receiver is appointed or if any person firm or company shall apply for or obtain an order for the winding up the borrower or if any such order is made or if any step is taken by any person firm or company towards passing any resolution to wind up the borrower or if any such resolution shall be passed or if the borrower shall suspend or cease to carry on business or to

conduct its business to the satisfaction of the said Bank and in any such case it shall be lawful for the said Bank forthwith or at any time thereafter and without any notice to enter into or upon any place or premises for the purpose of such entry to do all acts deeds or things including breaking open of any premises as may be deemed necessary by the said Bank) and to inspect, make inventory, value, insure and/or to take charge of any/or to seize, recover, receive, appoint receivers of and/or take possession of all any of the hypothecated goods and thereupon either forthwith or at any time and from time to time and without any notice either by public auction or tender or private contract the hypothecated goods in such manner as the said Bank shall fit and to apply the net proceeds of such sale in and towards the payment of all principal and interest then outstanding on the said account/s in such manner and as are hereafter specified and subject there to in payment of all other monies due hereunder to the said Bank as the said Bank may agree and to enforce, realise, settle, compromise and deal with any rights aforesaid without being bound to exercise any of these powers or being liable for any losses in the exercise thereof and without prejudice to the said Bank's right and remedies of suit or otherwise and notwithstanding there may be any pending suit or other proceedings, the Borrower, hereby undertaking to transfer and deliver to the said Bank all relative contracts, securities, bazaar chits, bills, notes, hundies and documents and agreeing to accept the said Bank's account/s and sale and realisation and pay any shortfall or deficiency thereby shown; and if the net sum realised by such sale shall be sufficient to pay the amount secured, the said Bank shall be at liberty to apply any other money or monies in the hands of the said bank standing to the credit of or belonging to the borrower in or towards the payment of the balance and in the event of there being still a deficiency, the Borrower shall forthwith pay such deficiency, provided that nothing here contained shall in any manner prejudice or affect the remedy of the said Bank against the Borrower.

- i) If there shall be a surplus available in the hands of the said Bank after payment of all monies hereby secured and owing to the said Bank such surplus shall be applied by the said Bank in or toward the payment of liquidation of any and all other monies which shall be or may become due from the Borrower, to the said Bank solely or jointly with any other person or persons or company by way of loans, discounting bills, credits, guarantees charges or by way of any other debt or liability including bills, notes, credits and other obligations current though not then due or payable or other demand legal or equitable which the said Bank may have against the Borrower or of which the law of set off or mutual credit would in any case admit and whether the borrower is taken into or is 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 or respective rates at which the said money shall be so advanced and application of any monies to be applied under this sub-clause shall be in such manner and proportions as are hereinafter specified.
- j) The Borrower shall at its own expenses during the continuance of this security keep the hypothecated goods in marketable and good condition and shall likewise at its own expense insure and keep insured the hypothecated goods against loss or damage by fire and such other risks as said Bank shall require for the full market value thereof in an insurance office or office of repute to be approved by the said Bank and shall produce the policies of insurance to said Bank on demand and shall likewise produce the receipt for last premium payable for every such policy of insurance and shall assign to the said Bank jointly every such policy of insurance and proceeds thereof and shall pay to the said Bank the sum/s outstanding on the

said accounts respectively at the time of payment all proceeds of any policy received by the Borrower during the continuance of this security and shall keep on foot and maintain such insurance throughout the continuance of the security and deliver to the said Bank the renewal receipt. In the default, the said Bank may (but shall not be bound to) keep in good condition and render marketable the hypothecated goods or effect or renew such insurance. Any premium paid by the said Bank and any costs charges and expenses incurred by the said Bank shall be repaid by the Borrower on demand forthwith and shall until repayment with interest at the rate aforesaid be a charge on the hypothecated goods. All sums received under such insurance shall be applied to towards liquidation of the amount for the time being due to said Bank as provided in sub-cause (f) and (g) above.

- k) The borrower shall if so required by the said Bank cause and in default the said Bank may itself cause a Board with the name of the said Bank legibly and distinctly printed or written thereon to be placed and at times maintained in a conspicuous position upon and within all Godown, jaithas or other places of storage into or upon which any of the hypothecated goods for the time being hypothecated and charged as aforesaid are or shall be brought during the continuance of this agreement.
- l) The borrower shall forthwith upon obtaining leave or license to occupy any Godown or jaitha or any place containing any of the hypothecated goods which is not its own property if so required by the said Bank register the same in the name of the said Bank and hand over the receipts for any rents or other dues payable in respect thereof to the said Bank and keep the said Bank indemnified against all liability in consequence of such transfer or registration in the said Bank's name and any sum becoming payable to the said Bank by reason in such indemnity shall be debited to the Loan/ Cash Credit account concerned and shall carry like interest and shall be treated an advance secured by this agreement.
- m) The borrower shall pay all rents, rates, taxes, payments and outgoings in respect of any immovable property in or on which the hypothecated goods may for the time being be lying and shall keep such property insured against loss or damage by fire and shall also insure the same against such other risks as the said Bank shall require and shall produce the policies of insurance to the said Bank whenever required.
- n) The borrower hereby declares and guarantees that the hypothecated goods now in existence are absolute and unencumbered property of the borrower and that the Borrower has full power of disposition there over and that all hypothecated goods which may belong to the Borrower in the future shall likewise be the absolute and unencumbered property of the Borrower with full power of disposition there over to the Borrower.
- o) Pending seizure by the said Bank the hypothecated goods and documents and any sale proceeds received by the Borrower on the sale in ordinary course and any insurance monies received shall be held as the said Bank's exclusive property specifically/ appropriated to this security and the Borrower will not make or suffer or attempt to make or suffer any mortgage, charge, lien or encumbrance affecting the same or any part thereof nor do allow anything which may prejudice the security hereby created nor create any security ranking pari passu with the security hereby created.
- p) The borrower shall furnish and verify all statements, reports, returns, certificates and information from time to time as required by the said Bank shall give and execute any documents required by the said Bank in its opinion necessary to give effect to this security and if the Borrower shall fail to do so within a week of

demand in writing the said bank may execute such documents on behalf of the borrower

- q) This security shall be continuing security for the balance from time to time due to the said Bank on the said Loan/Cash Credit Account/s and neither of the said account/s is to be considered to be closed for the purpose of this security and the security is not to be considered exhausted by reason of the said account/s or either of them being brought to nil balance or credit at time or from time to time or its being drawn upon to the full extent or afterwards reopened by a payment to credit.
  - r) Nothing herein contained shall prejudice any other security present or future or any right or remedy of the said Bank otherwise then hereunder for the recovery of any monies due by the borrower to the said Bank.
  - s) If and whenever this security shall be held by the said Bank for the borrower's liability to the said Bank for any third party's obligation to the said Bank shall be free without reference to the borrower to deal and the borrower hereby consents to such Bank dealing with the principal debtor and with any securities obligations or decrees and generally to act as if the Borrower were primarily liable and to give time or other indulgence or make any variation without thereby in any manner impairing or prejudicing the rights of the said Bank against the Borrower, who declares that the liability of the Borrower shall be deemed that of a co-promissor with such third party.
8. In the event of the said Bank enforcing their hypothecated security either through the intervention of the Court or otherwise or by appointing a Receiver or by the sale or realisation of the hypothecated goods or otherwise howsoever and in whatever manner the said Bank may think fit, the proceeds of sale or other proceeds or realisation of the hypothecated goods remaining after deducting there from the costs (between attorney and client) charges and expenses incidental to such sale shall be applied in repayment of the whole of the amounts due under the said Loan/Cash Credit account/s of the said Bank and in the event of the net sale proceeds remaining as aforesaid being insufficient for repayment of the whole of the said amounts due to the said Bank, the borrower shall make up such deficiency on demand.
9. No change whatsoever in the constitution of the Borrower during the continuance of this Agreement shall impair or discharge the liability of the borrower.
10. Any demand or notice to be made or given on or to any party hereto may be made or given by leaving the same at or posting the same by registered post in any envelop addressed to such party at its registered office and every such demand or notice shall be deemed to be received as the case may be at the time at which it is left or at time at which it would have been delivered in the ordinary course of post at the registered office in question. The borrower shall pay on demand to the said Bank the costs between attorney and the client incurred by it in connection with preparation engrossment and stamping and execution of this agreement and of any guarantee or other security executed contemporaneously herewith in connection with the advance hereby secured and of the registration of this security with the Registrar of Companies/ any competent authority and all other costs between attorney and client incurred or to be incurred by said Bank in connection herewith the enforcement or attempted enforcement of the security hereby created or the protection or defence or perfection thereof or for the recovery of any monies hereby secured and if all suits and proceedings of whatsoever nature for the enforcement or realisation of the security hereby created or the recovery of such monies or otherwise in connection herewith or in

which the said Bank may be joined as a party or otherwise involved by reason of the existence of the security hereby created.

11. And it is hereby expressly agreed and declared by and between the borrower and the said bank that nothing herein contained shall in any manner prejudicially affect the security created by the borrower in favour of the Bank under Deed of Hypothecation dated \_\_\_\_\_ executed by the borrower.

IN WITNESS WHEREOF signed sealed and delivered by the parties on the day and year first before written.

SIGNED AND DELIVERED )  
By the within named Borrower )  
\_\_\_\_\_ )  
\_\_\_\_\_ )  
\_\_\_\_\_ )

In presence of:

1. \_\_\_\_\_  
2. \_\_\_\_\_

SIGNED AND DELIVERED )  
By the within named Bank )  
The TJSB Sahakari Bank Ltd )

In presence of:

1. \_\_\_\_\_  
2. \_\_\_\_\_