SAMPLE AGREEMENT FOR HYPOTHECATION OF ASSETS TO SECURE TERM LOAN

***(Disclaimer:** The agreement provided herein is only indicative sample format and intended for general reference purposes only. The actual agreements to be executed and /or declarations/ undertakings required, may vary on case-to-case basis, depending on the nature of the facility, applicable laws/regulatory requirements etc.)*

This Agreement made at______________on this________________________Day of ……………20__

BETWEEN

____residing/ having place of business/registered office at___________________________________ (hereinafter referred to as the "Borrower" which expression shall, unless the context or subject otherwise requires, include its heirs, executors, administrators, successors, permitted assigns, etc) of the One Part

AND

PUNJAB NATIONAL BANK, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970, having its Head Office at Plot No. 4, Sector 10, Dwarka, New Delhi – 110075, and, amongst others, one of the branch office at_____________(hereinafter referred to as the "Bank" which expression shall, unless the context or subject otherwise requires, include its successors and assigns) of the Other Part.

(Unless the context otherwise requires, the singular includes the plural and vice versa. Accordingly, the term "Borrower" shall include each one of the Borrowers in case there is more than one Borrower or the Borrower is a partnership firm / association of persons, etc. and their liability under this Agreement shall be joint and several.)

WHEREAS

A. The Borrower is engaged in the business of …………………..and requires financial assistance for its business and has applied to the Bank to allow credit facility by way of a term loan; and

B. The Bank has agreed to grant the term loan upon the condition, *inter alia*, that Borrower secures the Term Loan by hypothecation of assets described hereunder, on the terms and conditions contained herein , Term Loan agreement and Sanction Letter dated…………….. . The Borrower hereby acknowledges and accepts the above-

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mentioned Sanction. The Said Sanction letter shall form and read as part and Parcel of the Agreement.

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. PURPOSE

1.1. The proceeds of the Facility shall be utilized by the Borrower only for the purpose as set out in the sanction letter issued by the Bank to the Borrower in connection with the Facility.

1.2. The Bank is not bound to monitor end use or verify the application of any amount borrowed pursuant to this Deed and any sanction letter(s) issued by the Bank to the Borrower in connection with this Deed and any other agreement(s) entered into between the Borrower and the Bank in relation to the Facility (collectively with this Deed, the “Finance Documents”).

2. FEES, CHARGES, COSTS & CLAIM

2.1. The Borrower shall bear and promptly pay the Bank the following:

a. All fees for services performed by the Bank, all out of pocket, travelling expenses and other costs, charges and expenses reasonably incurred by the Bank, its officers, employees or agents in connection with the negotiation, preparation, execution, modification or amendment of any documents or instruments contemplated or in connection with or relating to the Finance document;
b. All fees, costs and expenses incurred in connection with the preservation, protection or release /enforcement of the rights of the Bank on exercise of any rights, remedies or powers granted under this Agreement.
c. All fees, costs and expenses incurred in connection with the enforcements of any rights including any cost incurred in the assertion or defence of the rights of the Bank for the protection, preservation of whole or any part of the security and for the demand, realization and recovery of any amounts due and outstanding under this Agreement or any other documents executed or tendered by the Borrower in relation to the Loan.
d. all stamp duties, taxes, charges and penalties on this Agreement or any other document executed between the Bank and the borrower in relation to the Loan, if and when the Borrower may be required to pay the same according to the applicable laws.
e. Incidental charges/other charges as fixed by the Bank from time to time during the ~~time~~ period the account remains open.

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2.2. The Borrower further agrees to bear the guarantee fee and annual service fee (ASF) paid/to be paid under any guarantee scheme including Credit Guarantee scheme of CGTMSE in connection with the Loan/Facility and it is agreed that guarantee fee and annual service fee (ASF) as prescribed under guarantee scheme from time to time shall be debited to the Loan Account and shall be treated as part of the Loan and shall carry interest at the same rate as that of the Loan and be secured in the same manner as the Loan (if applicable).

2.3. The Borrower shall at all times indemnify and keep indemnified the Bank against all suits, proceedings, cost, charges, claims and demands whatsoever that may 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 in connection with the said asset.

3. CHARGE

3.1. In consideration of the Bank allowing and/or agreeing to allow the Facility in the name of the Borrower as aforesaid, the Borrower hereby hypothecates in favour of the Bank, on a __________ranking [exclusive] / [pari passu] basis, all of its present and future rights, title and interest, in and to, the present and future assets described in general terms in the Schedule of Security hereunder, hereinafter referred to as the "Hypothecated Assets" / "Security", which expression shall include all tangible and intangible assets and movable property of any kind belonging to the borrower which, now or hereafter from time to time during the continuance of this Deed, shall be brought in, stored, or to be stored or brought in or about its premises or godowns at or at any other godown or be in course of transit from one godown to another or wherever else the same may be, as security for all payment by the Borrower of the balance due to the Bank at any time or ultimately found due on the closing of the Loan Account and for payment of all debts and liabilities in relation to the Loan Account.

3.2. In the event the goods hypothecated are stored in third party godown(s) the borrower agree and undertake to enter into proper lease/rent agreements with such third party, and arrange with such party , in writing whether forming part of lease/rent agreement or not for free and independent access without notice, to the Bank, its agents, other authorized persons and servants . The borrower 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.

3.3. The Borrower confirms that all the Hypothecated Assets are the Borrower's absolute property and that it has full powers of disposal over them and the Hypothecated Assets are free from any prior charge or encumbrance. That all the assets and property to be hypothecated hereunder in future shall likewise be free and unencumbered and that the Borrower has not done or knowingly suffered or been party or privy to anything whereby the Borrower is in any way prevented from hypothecating such existing or future assets in the manner aforesaid and that it will do and execute at its costs all such acts, things, deeds and documents for further and more fully assuring and hypothecating the assets or any part thereof as shall be required by the Bank and for giving better effect to these presents.

3.4. The Borrower shall promptly, and in any event within ....days of the execution of this Deed, sign such other documents and do all such acts and things as shall be necessary in accordance with applicable law to perfect the charge created under this Deed in favour of the Bank, in accordance with this Deed, including without limitation:

(a) recording the security created over the Hypothecated Assets under this Deed pursuant to Section 77 of the Companies Act, 2013 read with the Companies (Registration of Charges) Rules, 2014 by filing duly completed Form CHG.1 with the relevant registrar of companies ("ROC") no later than 7 (seven) days from the date on which security is created by the Borrower; and

(b) delivering to the Bank, a copy of Form CHG.1 filed as per (a) above along with a payment receipt evidencing that the Form CHG.1 has been filed with the ROC, no later than 7 (seven) days from the date on which security is created by the Borrower.

3.5. The Borrower shall, within …………days of the execution of this Deed, deliver to the Bank a certified true copy of the certificate of registration of charge issued by the ROC.

3.6. The Borrower, where applicable, shall, within .... days of the execution of this Deed, deliver to the Bank, a no objection certificate from the tax authority under section 281 of the Income Tax Act, 1961 granting permission/ no-objection for the creation of security in accordance with this Deed in favour of the Bank.

3.7. The Borrower shall do all such acts, deeds and things as may be reasonably required by the Bank, in accordance with applicable law, to co-operate with the Bank in relation to filing of Form I by the Bank with the Central Registry under section 23 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act"), read with the Securitisation and Reconstruction of Financial Assets and Enforcement of

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Security Interest (Central Registry) Rules, 2011, in relation to the security created, immediately on creation, modification and/or satisfaction, as the case may be, of the security interest.

3.8. During the continuance of this Deed, the Borrower shall not, except with the previous written consent of the Bank, sell or dispose of in any manner the Hypothecated Assets or any part thereof or create any mortgage, charge, lien or encumbrance affecting the Hypothecated Assets or any part thereof nor do anything which would prejudice the Security nor shall it part with them.

3.9. The Borrower shall submit details of the Hypothecated Assets to the Bank, duly verified as correct, from time to time as called by the Bank. Said details contain any misstatement or there is any shortage of the security, the Borrower shall render itself liable to legal action and the Bank shall be entitled to terminate this Deed or any other Finance Document and take possession of the security created pursuant to the Finance Documents and sell the same without any notice to the Borrower and realise the Bank's dues and recover the balance of its claim from the Borrower.

3.10. All sales, realisation and insurance proceeds of the Hypothecated Assets shall be held by the Borrower as the Bank's exclusive property for appropriation to the Loan Account.

3.11. 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 said name plate indicating that such goods and assets are hypothecated to the Punjab National Bank.

3.12. The Borrower shall punctually pay rents, rates, taxes and other outgoing of the premises wherein the Hypothecated Assets shall be and keep the same free from distress.

3.13. The Security shall not be prejudiced by any collateral or other security now or hereafter held by the Bank for any money hereby secured or by any release, exchange or variance of such Security and the Bank may give time for payment to or make any other arrangement with any surety or co-signatory without prejudice to the Borrower's liability hereunder and all moneys received by the Bank from the Borrower or any person liable to pay the same may be applied by the Bank or any account to which the same may be applicable.

3.14. The expression 'the balance due to the Bank' in this Clause 3 (*Charge*) and the subsequent clauses of this Deed shall be taken to include the principal moneys due on the Loan Account from time to time and also all interest thereon calculated

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from day to day at the rate hereinafter mentioned and the amount of all charges, expenses, commission, pre-payment premium, taxes, levies, duties, imposts, costs, etc. including, but not limited to, the expenses which the Bank may have paid or incurred in any way in connection with the Hypothecated Assets or the sale or disposal thereof, in accordance with the terms of this Deed.

3.15. The Borrower hereby agrees that in case the indebtedness to the Bank under the Loan Account exceeds the amount of the Facility, the Borrower shall be liable for the excess amount and the Security given shall be or continue to be liable for the excess amount over and above the amount of the Facility in the same manner and to the same extent as the Borrower's liabilities hereunder.

3.16. The Borrower hereby agrees that margin as agreed to and mentioned in the Schedule of the Security herein or such other margin as may be fixed by the Bank from time to time shall always be maintained by the Borrower in favour of the Bank between the value of the Security calculated according to the rules of the Bank for the time being in force and the amount advanced and due to the Bank. If at any time the said margin falls short on account of fluctuations in the market rates or loss, shortage or inadequacy of the Security held by the Bank or on account of any other reason whatsoever the stipulated margin otherwise sought to be enhanced by the Bank, the Borrower shall on being called upon by the Bank, immediately make up the deficit either by cash payment or by furnishing additional Security or by deposit of documents of title to goods or title deeds of its immovable properties as approved by the Bank.

4. INSPECTION

4.1. The Borrower shall permit the Bank, its agents and servants from time to time and at all times to enter into and upon any godowns or premises wherein the Hypothecated Assets or any part thereof may for the time being be and to view, inspect and value the same and make inventories or take possession thereof and render to the Bank and its servants all facilities, as may be required for any of the purposes aforesaid.

4.2. The Bank shall from time to time be at liberty to have any of the Hypothecated Assets valued by an appraiser appointed by the Bank and the fees and expenses of such appraisement shall be paid by the Borrower.

5. INSURANCE

5.1. All the Security as aforesaid wherever situate shall be insured by the Borrower against fire and theft risk and, as and when required by the Bank, against war,

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riots and civil commotion risks and/or risk of any other description with an insurance company or the company as approved by the Bank to the full market value of such Security in each case irrespective of the balance due against the Borrower, and that the insurance policies (the "Policies") shall be taken out in the name of the Bank or in the joint names of the Bank and the Borrower with the 'Bank Clause' and that all the Policies and receipt for premia paid on such insurances shall be delivered to the Bank.

5.2. Should the Borrower fail, on demand being made by the Bank, to insure or to deliver the Policies or receipts for premia as aforesaid, the Bank shall be at liberty, but not bound, to effect such insurance at the risk, responsibility and the cost of the Borrower with such insurance companies as the Bank, in its absolute and unfettered discretion, thinks fit and to an extent of the full market value of the Security of which the Bank shall be sole judge. All such expenses when incurred by the Bank shall form part of the principal amount due and be debited to the Loan Account and will carry interest at the rate applicable to the said Facility.

5.3. All sums received under any such insurance as aforesaid shall be received by the Bank and applied in/towards the liquidation of the balance due to the Bank for the time being and in the event of there being a surplus, the Bank shall be entitled to appropriate such surplus in accordance with this Deed.

PROVIDED that the Bank shall not incur any liability to the Borrower if the Bank, even if so permitted, fails to lodge any claim under any of the Policies with the insurance company, within the time prescribed under such Policy or for any reason whatsoever. Nor shall the Bank incur any liability to the Borrower for not bringing any suit for recovery of insurance moneys or allowing such suit to be barred by time.

PROVIDED, however, that in the event of so insuring the Security, the Bank shall not be considered responsible or liable for the non-admission of the claims of the Bank or their non-payment wholly or partly by such insurance company for the omission to ensure or deficiency of insurance and the ultimate liability of the Borrower to the Bank shall continue notwithstanding such failure or non- admission as aforesaid.

5.4. That the Borrower agrees to ensure compliance of all material conditions of the insurance contracts/the Policies and shall promptly inform the Bank of any loss or damage suffered by the Borrower due to any event for which the Hypothecated Assets are insured. The Borrower shall lodge claim with the insurance company promptly under intimation to the Bank.

5.5. It is further agreed and declared that in each of the following three cases, namely:

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(a) where the Policies are taken by the Borrower in its own name and assigned by it in favour of the Bank;

(b) where the Policies is in the name of the Borrower and the Bank without "Bank Clause"; and

(c) Where the Policies are in the name of the Borrower and are in its possession;

the Bank shall, in addition to the remedies provided in the Bank's favour in this Clause 5 (*Insurance*), be entitled to realise the Policy money from the insurance company and the Borrower agrees that, if need be, the Bank in each of the above three cases shall be considered as the Borrower's irrevocable attorney and the Borrower shall not be entitled to realise the Policy money from the insurance company itself.

5.6. It is also agreed that the Bank shall have the absolute right to adjust, settle, compromise or refer to arbitration, without reference to or consent of the Borrower, any dispute in connection with or arising under any of the Policies and any of the assured and such act of the Bank shall be valid and binding on the Borrower, but shall not impair the right of the Bank to recover its dues from the Borrower.

6. EVENTS OF DEFAULTS AND REMEDIES

6.1. The Bank may by a written notice to the Borrower, declare all sums outstanding under the Loan (including the principal, interest, charges, expenses) to become due and payable forthwith irrespective of any agreed maturity and enforce the security created in favour of the Bank for the Loan upon the occurrence (in the sole decision of the Bank) of any one or more of the following subject to applicability :

(a) Any financial indebtedness of the Borrower is not paid when due nor within any originally applicable grace period.

(b) Any financial indebtedness of the Borrower is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of any actual or potential default, event of default, or any similar event (however described) after the expiry of any originally applicable grace period.

(c) Any commitment for any financial indebtedness of the Borrower is cancelled or suspended as a result of any actual or potential default, event of default, or any similar event (however described) after the expiry of any originally applicable grace period.

(d) Any creditor of the Borrower becomes entitled to declare any financial indebtedness

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of the Borrower due and payable prior to its specified maturity as a result of any actual or potential default, event of default, or any similar event (however described) after the expiry of any originally applicable grace period.

(e) Any security over any assets of the Borrower is enforced by the holder of such security, or any analogous procedure or step is taken in any jurisdiction.

(f) There is an event of default or potential event of default (howsoever described) or other similar condition or event which with the lapse of time or giving of notice may become an event of default under one or more agreements or instruments relating to any indebtedness granted by any person to the Borrower

(g) The value of the any security (including guarantee/s) created or tendered by the Borrower, in the sole discretion and decision of the Bank, depreciates entitling the Bank to call for further security and the Borrower fails to give additional security;

(h) The Borrower fails to create the security as provided herein; or

(i) If a receiver, liquidator, insolvency professional or other similar officer is appointed in respect of the whole or any part of the property /assets of the Borrower or if any attachment, distress, execution or other process against the Borrower, or any of the securities is enforced or levied upon;

(j) Any corporate action, legal proceedings or other procedure or step in relation to the composition, compromise, assignment or arrangement with any creditor of Borrower, including, under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 Or any application initiating or otherwise in relation to IBC, 2016 is filed by Borrower or any other person with a govt authority or by any governmental authority with any tribunal or court of competent jurisdiction or by governmental authority;

(k) The Government of India or any other relevant governmental authority declares a general moratorium or “standstill” (or makes or passes any order or regulation having a similar effect) in respect of the payment or repayment of any financial indebtedness (whether in the nature of principal, interest or otherwise) owed by the Borrower (and whether or not such declaration, order or regulation is of general application, applies to a class of persons which includes the Borrower) or nationalises, compulsorily acquires, expropriates or seizes all or any part of the business or assets of the Borrower

(l) the Borrower suspends or ceases or threatens to cease or take any steps to carry on all or a substantial part of the Business as on effective date for any reason whatsoever;

(m) If any circumstance or event occurs which would or is likely to prejudicially or adversely affect in any manner the capacity of the Borrower to repay the Loan or any part thereof

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(n) If the Borrower fails to comply with or pay any sum due from it under any final judgment or any final order or given by a court of competent jurisdiction.

(o) If any attachment, expropriation, sequestration, distress, execution or other process against the Borrower, or any of the securities is enforced or levied upon;

(p) If the Borrower, without prior written consent of the Bank, attempt or purport to create any charge or other encumbrance over the asset, which is or shall be the security for the repayment of the said Dues except for securing any other obligations of the Borrower to the Bank;

(q) Upon happening of any substantial change in the constitution or management of the Borrower without previous written consent of the Bank or upon the Management ceasing to enjoy the confidence of the Bank.

(r) It is or becomes unlawful for the Borrower to perform its obligations under this Agreement or any other document

(s) The Borrower repudiates this Agreement and/or any other document or evidences an intention to repudiate this Agreement and/or any other Document.

(t) A Material Adverse Effect exists, has occurred or could reasonably be expected to occur.

(u) Any litigation, arbitration, investigative or administrative proceeding restraining the Borrower's entry into, the exercise of any of the Borrower's rights under, or compliance by the Borrower with any of its obligations under this Agreement; or which PNB determines has or if, adversely determined, could reasonably be expected to have a Material Adverse Effect or any criminal litigation, investigation or proceeding is pending, initiated or threatened against the Borrower.

(v) If the Borrower fails to furnish to the Bank detailed end use statement of the Loan as and when so required by the Bank upon receipt of such request from the Bank;

(w) In the event of default in repayment to our Bank or if cross default has occurred, the Bank will have the right to appoint its nominee on the Board of Directors of the borrower to look after its interests.

Cross default will be defined as:

a. Default by the borrower to any other bank under Consortium / MBA,OR

b. Default by the borrower's associate / sister concern / subsidiary to our Bank Further, cross default would be deemed to have occurred only in case default to particular lender(s) is not cured within 30 days.

Exemption: The above covenant is not applicable for Central and State PSUs availing credit facilities from our Bank

6.2. Notice on the happening of an Event of Default

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If any event of default or any event which, after the notice of lapse of time or both would constitute an event of default shall have happened, the Borrower shall forthwith give the Bank notice thereof in writing specifying such event of default, or such event.

6.3. Consequences of default

In the event of any default as stated above without prejudice to the remedies available the Bank shall have the right:

(a) cancel the undrawn portion of any Facilities whereupon such Facility shall immediately be cancelled
(b) declare that all or part of the amount under any or all of the Facilities, together with accrued interest, and all other amounts accrued or outstanding under the relevant Documents be immediately due and payable
(c) to exercise all its rights and remedies available to it under applicable law, to enforce the rights contemplated under this Agreement and any other Documents, including the right to enforce the security created under this Agreement, without any notice and without assigning any reason and at the risk and expense of the Borrower and if necessary, as attorney for and in name of the Borrower and shall also have the right to appoint a nominee director on the board of directors of the Borrower on such terms as the Bank may deem fit and the Borrower shall undertake all acts and things and execute such documents and writings as may be required by the Bank for giving effect to such appointment.
(d) take charge and / or possession of, seize, recover, receive and remove the Hypothecated Assets without intervention of the court, forthwith or at any time thereafter and without any notice to the Borrower (without prejudice to the Bank's right of suit against the Borrower) either by public auction or private contract absolutely to sell or otherwise dispose of all or any of the Security and to apply the net proceeds of such sale towards liquidation of the balance due to the Bank on the Loan Account as shown by the statement of account signed by the authorised officer of the Bank, which the Borrower hereby agrees to accept as sufficient proof of the correctness thereof without the production of any book voucher or paper. The Borrower shall not be entitled to raise any objection as to the regularity of the sale or as to the rate or the time at which the Hypothecated Assets are sold as aforesaid or in respect of costs, charges and expenses incurred in connection therewith;

(e) irrevocably (through any of the Bank's officers or agents) as attorney for and on behalf of the Borrower, to enter and remain at any place where the Hypothecated Assets or any part thereof shall be and to deliver possession of such Hypothecated Assets to the Bank and/or recover and receive the Hypothecated Assets and/or appoint any officer or officers of the Bank as Receiver to take possession of the Hypothecated Assets. The possession / delivery of the Hypothecated Assets so delivered / made to the Bank shall be as good and effectual as if made by the Borrower and

(f) the Borrower shall not, without the prior written consent of the Bank, declare or pay any dividend or other distribution (whether in cash or otherwise) to its equity shareholders or partners (as applicable) during any financial year unless it has paid in full all the outstanding amounts to the Bank in accordance with the this Agreement or any other Documents.

(g) to review the existing credit limits and report to take all necessary steps including recalling of the credit limits, invoking guarantees, filing of a suit or a reference with any court, tribunal, authority etc. or reporting the matter to any agency in line with the RBI's or the Bank's guidelines and terms and conditions already agreed between the Parties and embodied in this Agreement or any other document.

(h) the Borrower and he undertakes to pay the amount of shortfall, if any.

(i) Appointment of Recovery Agents/Enforcement Agency/BC/CBC for enforcement of the security.

- Nothing contained in this Agreement, shall prejudice the rights or remedies of the Bank against the Borrower irrespective and independent of this Agreement in respect of any portion of the ultimate balance of the loan account or in respect of any other advance made by the Bank to the Borrower or any of them.

- That after demand being made by the Bank, the Borrowers shall pay to the said Bank the balance then outstanding and owing to the said Bank on the said account inclusive of interest at the rate mentioned above to the date of payment, together with all the charges and expenses charged or incurred by the Bank as ascertained from the books, of the said Bank, which the Borrowers agree to accept as sufficient proof of the correctness thereof without production of any voucher or paper.

6.4. If the net sum realised by sale of the Hypothecated Assets pursuant to this Clause be insufficient to cover the balance 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 Borrower or any one or more of them in or towards payment of the balance for the time being due to the Bank and in the event of there 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 Borrower promises and agrees to pay forthwith, on production to the Borrower of an account prepared and signed as herein-before provided, any further balance which may appear to be due by the Borrower and on failure to pay on demand such balance the Bank shall be entitled to recover it from the person and other properties of the Borrower.

PROVIDED that nothing herein contained shall be deemed to negate, qualify or otherwise prejudicially affect the right of the Bank (which it is hereby expressly agreed, the Bank shall have) to recover from the Borrower balance for the time being remaining due from the Borrower upon the Loan Account notwithstanding that all or any of the said Security may not have been realised or even proceeded against.

6.5. In the event of there being surplus available after payment of all such principal, interest and all charges and expenses as aforesaid it shall be lawful for the Bank to apply the said surplus, in or towards payment or liquidation of any other moneys due to the Bank from the Borrower whether singly or jointly with any other person or persons, firms or company, in respect of loans secured or unsecured, discounted bills, letters of credit, guarantee charges or of any other demand, legal or equitable, which the Bank may have against the Borrower and whether the Borrower shall become or be adjudicated bankrupt or be in liquidation or otherwise.

6.6. Any surplus of the net proceeds of any such sale, after payment of all principal and interest moneys due from the Borrower to the Bank for or in respect of the Loan Account or otherwise relating thereto and all other moneys due from the Borrower to the Bank in any other account whatever as aforesaid, shall be payable to the Borrower by the Bank.

6.7. Nothing contained in this Deed, shall prejudice the rights or remedies of the Bank against the Borrower irrespective and independent of this Deed in respect of any portion of the ultimate balance of the Loan Account or in respect of any other advance made by the Bank to the Borrower or any of them.

7. RECEIVER

7.1. The Bank at any time after the security hereby constituted has become enforceable upon occurrence of an Event of Default, may have a receiver or receivers appointed for the Hypothecated Assets or any part thereof ("**Receiver**"):

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7.2. Unless otherwise directed by the Bank, such Receiver shall have and exercise all powers and authorities vested in the Bank hereinafter set forth or under applicable law or as the Bank may think expedient, including the following rights, power and authorities:

(a) to take possession of and collect all or any part of the Hypothecated Assets and for that purpose to take any proceedings and enforce any order or judgement in the name of the Borrower or otherwise as the Receiver shall consider fit;

(b) to make any arrangement or compromise between the Borrower and any other person or pay any compensation or incur any obligation which the Bank or the Receiver shall consider fit;

(c) for the purpose of exercising any of the powers, authorities and discretions conferred on it by this Deed and/or paying any costs or expenses which may be incurred by it in the exercise thereof or for any other purpose, to borrow from the Bank or others on such terms (with or without security) as the Bank or the Receiver shall consider fit and so that, with the prior written consent of the Bank, any such security may be or include a security on the whole or any part of the Hypothecated Assets ranking wholly or partly in priority to or *pari passu* with the security created hereunder;

(d) to assign, sell, lease, license, grant options to sell, deal with or manage or concur in assigning, selling, leasing, licensing, granting options to sell, dealing with or managing and to vary, terminate or accept surrenders of leases, licenses or otherwise dispose-off any part of the Hypothecated Assets in such manner and generally on such terms and conditions as the Bank or the Receiver shall consider fit and to carry any such transactions into effect in the name of and on behalf of the Borrower or otherwise;

(e) to obtain all clearances and any other consents or licenses necessary or appropriate to carry out any of the matters referred to in this Deed, any other Finance Document or otherwise as the Bank or the Receiver shall consider fit;

(f) to redeem any prior security and settle and pass the accounts of the security so that any accounts so settled and passed shall be conclusive and binding on the Bank and the money so paid shall be deemed to be an expense properly incurred by the Receiver, save and except in the event of a manifest error in such accounts;

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(g) to settle, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person or body who is or claims to be a creditor of the Borrower, consents, registrations, filings, agreements, notarization, certificates, licenses, approvals, permits, authority or exemptions from, by or with any governmental authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors and shareholders‟ approvals or consents, or relating in any way to the Hypothecated Assets or any part thereof;

(h) to bring, prosecute, enforce, defend and discontinue all such actions and proceedings in relation to the Hypothecated Assets or any part thereof as the Receiver shall consider fit;

(i) the Bank may, from time to time, determine what funds the Receiver shall be at liberty to keep in hand with a view to enable the performance of his duties as Receiver;

(j) to do all such other acts and things (including, without limitation, signing and executing all documents and deeds) as may be considered by the Bank or the Receiver to be incidental or conducive to any of the matters or powers aforesaid or otherwise incidental or conducive to the preservation, improvement or realisation of the Hypothecated Assets;

(k) to exercise all such other powers and authority as the Bank shall consider fit to confer and so that the Bank may in relation to such part of the Hypothecated Assets as is the subject of a charge hereunder or any Finance Document confer any powers and authorities which it could give if it were an absolute beneficial owner thereof. Unless otherwise specified by the Bank, the Receiver shall have and may exercise all powers and authorities conferred on the Bank under this Deed or any other Finance Document;

(l) to manage or carry on or concur in carrying on the business of the Borrower as the Receiver shall consider fit, in each case, without being responsible or liable for any loss or damage, except in the case of any such loss or damage caused by the fraud, gross negligence or wilful default or breach of trust of the Receiver as may be finally determined by a court of competent jurisdiction;

(m) to appoint and discharge employees, officers, agents, professionals and others for the purposes hereof upon such terms as to remuneration or otherwise as the Receiver may consider fit and to discharge any persons appointed by the Borrower; and

(n) in the exercise of any of the above powers, to expend such sums as the Receiver may think fit and the Borrower shall forthwith on demand repay to the Receiver all sums so expended together with interest thereon at the rate that is applicable to such costs or expenses incurred by the Bank under this Deed and other Finance Documents, from the date of payment by the Receiver until the date of repayment of such sums, which sums together with such interest, shall form a part of the debt and be secured by this Deed.

7.3. Unless otherwise directed by the Bank, such Receiver may exercise all the rights, powers, authorities and discretions herein or by applicable law vested in the Bank.

7.4. Such Receiver shall, in the exercise of his powers, authorities and discretions, conform to the regulations, instructions and directions from time to time made and given by the Bank.

7.5. The Bank may from time to time fix the remuneration of such Receiver and shall direct payment thereof out of the Hypothecated Assets, but the Borrower alone shall be liable for the payment of such remuneration.

7.6. The Bank may from time to time and at any time require such Receiver to give security for the due performance of his duties as such Receiver and may fix the nature and amount of the security to be given to the Bank but the Bank shall not be bound to require such security in any case.

7.7. A Receiver may be appointed either before or after the Bank shall have entered into or taken possession of the Hypothecated Assets or any part thereof.

7.8. The Receiver may be vested by the Bank with such powers and discretions including powers of management as the Bank may think expedient.

7.9. Unless otherwise directed by the Bank, all monies, from time to time, received by such Receiver shall be paid over to the Bank to be held by the Bank upon the trust herein declared of and concerning the monies arising from any sale, calling in, collection or conversion of the Hypothecated Assets.

7.10. The Bank may pay over to such Receiver any monies constituting part of the security to the intent that the same may be applied for the purpose hereof by such Receiver

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and the Bank may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as such Receiver.

7.11. Every such Receiver shall be the agent of the Borrower for all purposes and the Borrower alone shall be responsible for his acts and defaults, loss or misconduct and liable on any contract or engagement made or entered into by him (except in the case of fraud, gross negligence or willful misconduct or breach of trust of the Receiver as may be finally determined by a court of competent jurisdiction) and for his remuneration.

7.12. The Bank shall be in no way responsible for any misconduct, misfeasance, malfeasance or negligence on the part of any such Receiver and shall be in no way liable for or in respect of any debts or other liabilities incurred by any such Receiver whether the Borrower shall or shall not be in liquidation.

7.13. Neither the Bank nor any Receiver shall be liable in respect of any loss or damage which arises out of the exercise or the attempted or purported exercise of or the failure to exercise any of their respective rights, powers, authorities, discretions and trusts that may be vested in the Bank.

8. JOINT AND SEVERAL LIABILITY

8.1. The Borrower/s hereby agrees that its liability to the Bank shall, for the purpose of this Deed, be joint and several and that the Bank shall always have the right under this Deed to give indulgence or to grant time or negotiate with any one of the Borrowers without the liability of the other Borrowers being affected thereby or without prejudice to the Bank's rights and remedies against any one or all of the Borrowers. Further that the Borrower hereby agrees to hold it liable as aforesaid on all confirmation letters signed by any one of them.

8.2. If the Borrower is a firm or members of a firm, no change whatsoever in the constitution of such firm during the continuance of this Deed shall impair or discharge the liability of the Borrower or any one or more of them hereunder, or in any way affect the right and remedies of the Bank under this Deed.

9. SET OFF

The Borrower agrees and hereby gives to the Bank, during the currency of the Facility and for the payment of the amount due in the Loan Account, a general lien and right to set off and combine accounts without notice and charge on all movable property of every description coming into the Bank’s possession on account of the

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Borrower or any one of them or for the time being held by the Bank on behalf of the Borrower or any one of them whether singly or jointly with others in India or elsewhere including, without prejudice to this generality, any moneys, bullion, deposits, deposit receipts for moneys, promissory notes, bills of exchange, hundies, stocks, goods, merchandise, bills of lading, railway receipts, government bills with inspection notes and other bills in course of collection, articles in the safe custody and other documents of every description including hire purchase agreements or contracts evidencing the title of the Borrower as creditors or members or shareholders of any corporation, association, company or syndicate in India or elsewhere.

10. NOTICES

All notices, demands or communications to the borrower, made through post/courier or registered e-mail id or through delivery by hand shall be deemed duly served if sent to the borrower's last known address as per the records of the Bank, which the Borrower undertakes to keep updated at all times to the Bank .(Notice served on any one of the Borrowers shall be deemed to have been served on all of them*)

(*Applicable only in case of more than one borrower)

11. ASSIGNMENT

That the Borrower shall not have any right to assign its obligations under this Deed. However, the Bank has the right to transfer, assign, securitize or sell in any manner, in whole or in part, the outstanding and dues under the Facility to any third party without reference or intimation to the Borrower and any such transfer/assignment/sale/securitization shall conclusively bind the Borrower and all other persons.

12. MISCELLANEOUS

12.1 No failure to exercise, nor any delay in exercising, on the part of the Bank, any right or remedy under this Deed shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

12.2 If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

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12.3 Any term of this Deed may be amended or waived only with the consent of the Bank and the Borrower in writing and any such amendment or waiver will be binding.

12.4 In any litigation or arbitration proceedings arising out of or in connection with this Deed, the entries made in the accounts maintained by the Bank are prima facie evidence of the matters to which they relate.

12.5 Any certification or determination by the Bank of a rate or amount under this Deed is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

12.6 That the contents of the Agreement have been read over and translated into __________________ vernacular language [name of the language of the Borrower(s)] and Borrower(s) having understood the contents thereof subscribe(s) to these presents.

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SCHEDULE OF SECURITY

Brief description of the Hypothecated Assets	Margin %

In witness whereof the Borrower and the Bank have hereunto set its hand on the day, month and year above mentioned.

For__

.______________________________

BORROWER(S)

Name of the Executant(s):-

1.______________________________

2.______________________________

3.______________________________

Narration in case of affixing Common Seal by the Company

Signed and affixed Seal pursuant to resolution passed by the Board of Directors on ________ in the presence of _who has/have signed

SEAL

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in token thereof.[1]

(SIGNATURE)

FOR PUNJAB NATIONAL BANK

Authorised Signatory

[1] Note: Common Seal to be affixed in accordance with the provisions of the articles of the company.

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