

**CBD - 22**  
**BANK OF INDIA**  
**AGREEMENT OF TERM LOAN AND HYPOTHECATION OF MOVABLE**  
**ASSETS/GOODS/PROPERTY/PLANT & MACHINERY**

**This Agreement** made at \_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_ 200\_ between \_\_\_\_\_

\_\_\_\_\_ and \_\_\_\_\_  
carrying on business as sole proprietor / in partnership under the firm name and \_\_\_\_\_ style \_\_\_\_\_ of \_\_\_\_\_ Messers \_\_\_\_\_

Co. Ltd., a public / private Company incorporated under the Companies Act, 19\_\_\_\_ and having its registered office at \_\_\_\_\_

(hereinafter referred to as the "Borrower" which expression shall where the Borrower is a single individual, include his heirs, executors and administrators and where the Borrower is more than one individual include the survivors or survivor of them and the respective heirs, executors, and administrators of a deceased joint borrower and where the Borrower is a limited Company include its successors and Assigns) of the One Part and Bank of India a body corporate constituted under the Banking Companies(Acquisition and Transfer of Undertakings) Act, 1970 having its Head Office at "Plot No C-5, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051", and a branch \_\_\_\_\_ office \_\_\_\_\_ at \_\_\_\_\_

\_\_\_\_\_ (hereinafter referred to as "the Bank" which expression shall include its successors and assigns) of the Other Part.

WHEREAS the Borrower has applied to the Bank for a loan of Rs. \_\_\_\_\_ for the express purpose and upon the basis set out in the Borrower's Loan Application, dated \_\_\_\_\_ a copy whereof is annexed hereto and marked "I" which the Bank agreed to do upon having repayment thereof secured on the terms in addition, conditions, and in the manner hereinafter mentioned.

\*AND WHEREAS the Bank has prior to the execution of this Agreement granted to the Borrower a Loan of Rs. \_\_\_\_\_ and the Borrower has purchased / agreed to purchase therewith the movable Assets / Goods / Property / Plant and Machinery which are to be hypothecated to the Bank in the manner hereinafter appearing and short particulars whereof are given in Schedule "A" hereunder written.

OR

AND WHEREAS the Bank has at the request of the Borrower agreed to disburse a loan to the extent of Rs. \_\_\_\_\_ on or after execution of this Agreement either in one lump sum or in such amounts as may be mutually agreed upon by the parties to be utilised by the Borrower for purchase of the movable Assets /Goods/ Property/Plant and Machinery which are to be hypothecated to the Bank in the Manner hereinafter appearing and short particulars whereof are given in Schedule "A" hereunder

written and for no other purpose.

NOW IN CONSIDERATION OF THE PREMISES IT IS HEREBY AGREED by and between the parties as follows:

1. The Borrower is aware that his / its proposal constitutes the basis of this Agreement and of the said loan of Rs. \_\_\_\_\_ advanced / to be advanced by the Bank hereunder ( hereinafter referred to as "the said loan ") and the Borrower hereby warrants the correctness of each and everyone of the representations, statements and particulars therein contained and undertakes to carry out the proposal therein set forth in the manner and within the time therein mentioned. The Borrower shall not make any changes or modifications in the said proposal without the prior written consent of the bank.

2. The Borrower hereby agrees that the said loan shall be governed by and subject to the terms contained herein.

3. The Borrower expressly agrees and undertakes that the said loan shall be utilised exclusively for the purpose and in the manner set forth in the Borrower's proposal and for no other purpose.

4. The Borrower agrees and undertake to notify the Bank in writing of any circumstances affecting the correctness of any of the particulars set forth in the Borrower's proposal or which may affect the Borrower's ability to carry out the said proposal within seven days after the occurrence of any such circumstance.

5. The Borrower expressly agrees with the Bank that the Bank shall be entitled to refuse to grant the said loan or any part thereof, which may remain to be advanced in the event of:

a) any of the representations, assurances, statements and particulars contained in the proposal being found in the Bank's opinion ( which shall be conclusive and binding on the Borrower ) to be incorrect, or

b) the Borrower failing to utilise the said loan or any part thereof for the purpose and in the manner mentioned in the proposal, or

c) the Borrower failing to implement the proposal in accordance with the terms and conditions therein mentioned, to the satisfaction of the Bank, or

d) the Borrower failing to comply with any of the terms and conditions either of the letter of the Bank No. \_\_\_\_\_ dated \_\_\_\_\_ conveying the Bank's sanction to the grant of the said loan or of this Agreement or of any security documents executed / to be executed by the Borrower, or

e) happening or occurrence of any of the matters events or circumstances mentioned in clause 14 hereof.

On the question whether any of the event, matters or circumstances mentioned in Sub-clause (a) to (e) above have or has occurred; the opinion of the Bank shall be final, conclusive, and binding on the Borrower both in and out of court.

6(a) The Borrower shall repay to the Bank at \_\_\_\_\_ the said loan of Rs. \_\_\_\_\_ by the instalments, on the respective dates and in the manner mentioned in Schedule "B" hereto, Provided that if the amount of loan actually disbursed is less than Rs. \_\_\_\_\_ then the amount of instalments payable as aforesaid shall be reduced pro-rata but the same shall be payable on the stipulated days mentioned in Schedule "B" or the period of repayment shall be correspondingly reduced as the Bank may decide in its discretion and notify the Borrower in writing. In any such event, the amount of instalments and the dates of repayment notified by the Bank to the Borrower shall be deemed to be substituted herein in place and instead of the amount of instalments and dates of payment hereinabove mentioned and this Agreement shall be read and construed accordingly.

6(b) The Borrower shall so long as the said loan or any part thereof remains unpaid pay to the Bank interest thereon or on the balance thereof due from time to time at the rate of \_\_\_\_ % per annum over Bank Rate subject to a minimum of \_\_\_\_\_ % per annum or at such other rate or rates as may be notified by the bank to the Borrower from time to time ( including in particular interest at an additional rate in the event of default by the Borrower in punctual payment of interest and / or of any instalment of principal or any part thereof) with quarterly / half yearly rests on 30th day of March, June, September and December in each year and so that on default in payment of interest or of any instalment of principal or any part thereof as stipulated above interest shall be charged and payable on the footing of compound interest at the rates and in the manner mentioned above. And all such interest (including compound and additional interest) shall be calculated and charged in accordance with the usual practice of the Bank and shall be hereby secured.

7(a) The Borrower both hereby hypothecated and charge by way of first charge to and in favour of the bank all movable Assets / Goods / Property / Plant and Machinery together with all accessories, stores and spares relating thereto, now belonging or hereafter to belong to the Borrower ( both present and future ) and whether installed or not and whether lying loose or in cases or which may at any time hereafter during the continuance of this security be installed or lying whether loose or in cases, or being in or upon or about the Borrower's factory building or other premises and godowns at \_\_\_\_\_ or wherever else the same may be or held by any party anywhere to the order and disposition of the borrower or in course of transit to the Borrower ( all of which are hereafter for sake of brevity collectively referred to as " the hypothecated goods"). Short particulars of the hypothecated goods are for purpose of identification given in Schedule "A" hereunder written.

7(b) The Hypothecated goods are hypothecated and charged as aforesaid as security for due repayment by the borrower to the Bank at \_\_\_\_\_ of the said loan of Rs. \_\_\_\_\_ by the instalments on the days and in the manner aforesaid together with all interest due and payable thereon ( including compound interest and additional interest payable hereunder ) and also for all costs, charges and expenses ( the legal costs being between Advocate and client ) incurred by the Bank to the protection, preservation, defence and perfection of this security

and for attempted or actual realisation thereof and for any commission that the Bank may pay to any Corporation or Company or authority in respect of any guarantee the said Corporation or Company or authority may have given or may give to the Bank in respect of the said loan and for recovery of all moneys due hereunder by the borrower to the Bank and hereby secured or expressed so to be.

8(a) The Borrower shall not during the continuance of this Agreement sell, dispose of, pledge, hypothecate or otherwise charge, encumber, or in any manner part with the possession of the Borrower do or permit to be done any act whereby the security hereinbefore expressly given to the Bank shall in any way be prejudicially affected or whereby any distress or attachment or execution may be levied thereon by any creditor or other person including any government or municipal authority or body.

8(b) The borrower hereby declares and assures that the plant and machinery constituting / being a part of the hypothecated goods are movable and constitute movable property.

9. As long as any money remains due in respect of the said loan, the Borrower shall not remove or cause or permit to be removed the hypothecated goods from the Borrower's said premises at \_\_\_\_\_ when the same are presently kept or installed or to which (with the consent of the Bank) the same may be hereafter removed except in the manner and to the extent allowed by the Bank or except for effecting necessary repairs thereto. The Bank shall be entitled to put up and the Borrower hereby gives his consent to the Bank to put up the Bank's, name board on the hypothecated goods or at the place where the hypothecated goods are or may be stored, at such time and in such manner as the Bank may deem proper.

10. The Borrower will at all times pay all rent, rates, taxes, assessments, dues, and outgoings payable in respect of hypothecated goods and also in respect of any premises wherein the same may for the time being be installed or kept or be and will also keep the hypothecated goods in a marketable state and in good and substantial repair and condition and in thorough working order and will not make any alterations therein without the previous written consent of the Bank.

11. The Borrower undertakes to indemnify the Bank against every and any kind of loss or damage by reason of damage to or destruction or loss of the hypothecated goods from any cause whatsoever or by reason of any claims by third parties.

12. The Borrower shall notify the bank at once of any change in his present address given below and also the address to which the hypothecated goods may be moved subject nevertheless to the provisions of clause 9 above.

13. The Borrower hereby irrevocably empowers the Bank and any person or persons from time to time authorised by the Bank in that behalf and without previous notice to the Borrower to enter the said premises or any other premises whatsoever for the purpose of inspection or valuation or for taking possession of the hypothecated goods pursuant to clause 15 herein contained

or for any other purpose mentioned in the said clause and to remain on the said premises so long as the Bank may think necessary.

14. Notwithstanding anything to the contrary herein contained, the whole of the said loan or the entire balance thereof outstanding at the time shall at the Bank's option become forthwith due and payable by the Borrower to the Bank and the Bank will at its option be entitled to enforce its security upon the happening of any of the following events namely:

a) any instalment of the principal amount of the said loan being unpaid upon the respective due date for payment thereof;

b) any interest remaining unpaid and in arrears for a space of three months after the same shall have become due whether demanded or not.

c) any representation or statement of the Borrower's proposal being found incorrect or the Borrower's committing any breach or default in the performance or observance of any term or condition or provision contained in these presents and / or Borrower's proposal or any other term or condition relating to the loan;

d) the Borrower entering into any arrangement or composition with his creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Borrower.

e) execution or distress or other process being enforced or levied upon or against the whole or any part of the Borrower's property whether secured to the bank or not.

f) any order being made or a Resolution being passed for the winding up of the Borrower ( except for the purpose of amalgamation or reconstruction with the prior approval of the Bank);

g) a Receiver being appointed in respect of the whole or any part of the property of the Borrower.

h) the Borrower if (an individual) or any of the partners of the Borrower (if a firm) being adjudicated insolvent or taking advantage of any law for the relief of insolvent debtors;

i) the Borrower ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so;

j) it being certified by an accountant or a firm of accountants appointed by the Bank (which the Bank is entitled and authorised to do at any time) that the liabilities of the Borrower exceed his assets or that the Borrower is carrying on business at a loss;

k) If the Borrower shall without the consent in writing of the Bank attempt or purport to create any mortgage, charge, pledge hypothecation of lien or encumbrance ranking in priority to or pari-passu with or to create any mortgage, charge, pledge, hypothecation or lien or encumbrance subsequent to, the security given or to be given to the bank for the said loan.

l) if the Borrower shall stop payment or threaten to do so;

m) the occurrence of any event or circumstance, which is prejudicial to or impairs or imperils or depreciates or jeopardizes, or is likely to

prejudice, impair, imperil, depreciate or jeopardize any security given to the bank; and

n) the occurrence of any event or circumstance which would or is likely to prejudicially or adversely affect in any manner the capacity of the Borrower either to repay the said loan or to carry out the said proposal.

On the question whether any of the acts, matters, events or circumstances mentioned in the sub clauses (a) to (n) above have or has happened, the opinion of the Bank shall be final and conclusive and be binding on the Borrower both in and out of Court.

15. If the Borrower makes any default in payment of any instalments of principal or interest on the said loan or any part of such instalment on the respective due dates of payment thereof as mentioned above or if any event or circumstance shall occur which shall in the opinion of the Bank be prejudicial to or endanger or be likely to endanger this security or if any other act, event, matter or circumstance mentioned in clause 14 above happens or occurs, the Bank if it thinks fit shall be entitled at the risk and expense of the Borrower without any notice at any times or time after such default or event or circumstance occurs or happens to enter (and for that purpose to do any necessary act, deed or thing) and remain upon any place where the hypothecated goods or the books of account of the Borrower may be and to inspect value, insure and take charge or possession and/or to seize, recover, receive, appoint receivers of all or any part of the hypothecated goods or books of account and thereupon forthwith or at any time and from time to time but after giving not less than seven days notice at least to sell either by public auction or private contract or otherwise dispose of or deal with the hypothecated goods in such manner and upon such terms and conditions as the bank shall think fit and to apply the net sale proceeds towards repayment of the ultimate balance due in the said Loan Account and interest due thereon up to the date of such application. And to enforce, realise, settle compromise, and deal with any rights aforesaid without being bound to exercise any of these and without prejudice to the Bank's right and remedies of suit or otherwise and notwithstanding there may be any pending suit or other proceeding. The Borrower hereby also agrees to accept the Bank's accounts of sales and realisation and to pay any shortfall or deficiency thereby shown. And if the net sum realised by such sale shall be insufficient to pay the total amount secured hereunder the Bank shall be at liberty to apply any other money or moneys in the hands of the 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 herein contained shall in any manner prejudice or affect the Bank's remedy against the Borrower personally.

16. The Borrower hereby declares and guarantees that the hypothecated goods are and shall remain the absolute and unencumbered property of the Borrower with full power of disposition there over.

17. The Borrower shall furnish and verify all statements and information from time to time as required by the Bank and give and execute any necessary documents required to give effect to this security.

18. The Borrower shall, whenever required by the Bank, give full particulars to the Bank of all the assets of the Borrower and of the hypothecated goods

and shall at all times allow the Bank or the authorised Agent of the Bank inspection of hypothecated goods and of all records and books of accounts and vouchers of the Borrower in reference thereto and shall allow the Bank or its agents to value the same. All costs, charges and expenses incurred by the bank and incidental to such inspection and valuation shall be paid to the Bank, forthwith on demand (the bank's statement being conclusive) and until payment shall with interest at the rate aforesaid be a charge upon the hypothecated goods. Any such valuation shall be conclusive and binding on the Borrower both in and out of Court.

19. The Borrower shall at all times during the continuance of this security keep and maintain such margin of security in favour of the Bank (hereinafter called "the said margin") as may be required by the Bank from time to time. If and so often as the said margin shall fail to be maintained, and then the Borrower shall forthwith (according as the Bank may require) either hypothecate to the Bank further goods or tangible movable property approved by the bank and of sufficient value to make up the deficiency or shall reduce the amount for the time being due to the Bank by a cash payment so as to maintain the said margin.

20(a) The Borrower shall at his own expense insure and keep insured the hypothecated goods and also the premises wherein the same are installed or lying against fire and all such other risks as the Bank shall from time to time require for the full market value thereof in one or more insurance offices approved by the Bank and shall deliver to the Bank the policies of insurance duly assigned to the Bank and shall keep on foot and maintain such insurance throughout the continuance of the security and deliver to the Bank the renewal receipts therefor.

20(b) In default of the Borrower doing so, the Bank may (but shall not be bound to) keep in good and proper repair, working order and condition and render marketable the hypothecated goods or effect or renew such insurance and pay all rates, taxes, assessments dues and outgoings payable by the Borrower. Any premium paid by the Bank or any other amount paid by the Bank hereunder and any costs, charges and expenses whatsoever incurred by the Bank shall be repaid by the Borrower on demand forthwith. And until repayment with interest at the rate aforesaid, the same shall be a charge on the hypothecated goods. All sums received under such insurance shall be applied in or towards liquidation of the amount for the time being due hereunder to the Bank.

21. The Borrower agrees to accept as conclusive proof of the correctness of any sum claimed to be due from him to the Bank under this agreement a statement of account made out from the books of the Bank and signed by Manager / Accountant and / or other duly authorised officer of the Bank without the production of any other voucher, document or paper.

22. The bank shall not in any way be liable or responsible for any damage or depreciation which the hypothecated goods or any part thereof may suffer or sustain on any account whatsoever while the same shall at any time into possession of the Bank or of any receiver appointed by the Bank.

23. The Borrower shall inform the Bank promptly of any notice or intimation received from any Government, Semi-Government, Revenue, Municipal or local or other authorities regarding any default, delay etc., by the Borrower in payment of any dues or in the performance of the Borrower's obligations towards them.

24. The Borrower shall provide to the Bank all such information as the Bank shall from time to time at its discretion require, including information relating to financial condition and business of the Borrower.

25. The Borrower agrees to open and / or maintain with the Bank a Savings Bank / Current Account and keep sufficient funds in the account and hereby irrevocably authorises the bank to debit the same or any other account of the Borrower with the Bank with the amount of each instalment of the loan and interest thereon payable hereunder as and when it falls due. The Bank shall also have the right to set-off the credit due in the said account or in any other, account of the Borrower against the balance due in the said Loan Account at any time after such balance has become payable by the Borrower under the terms hereof.

26. Nothing herein shall operate to prejudice the Bank's rights or remedies in respect of any present or future security, guarantee, obligation, or decree for any indebtedness or liability of the Borrower to the Bank.

27. The Borrower confirms that he has not borrowed any moneys from any other Bank or Co-operative Society or from any other source whatsoever and whomsoever and further that so long as the Borrower continues to be indebted or liable to the Bank in the said Loan Account or in any other Account or manner the Borrower shall not without the previous written consent of the Bank borrow any moneys from any other Bank or Co-operative Society or financier or from any other source

28. The Borrower hereby agrees that the Bank may hold the hypothecated goods and the proceeds thereof not only as a security for the said loan but also as collateral Security for any other moneys now due or which may at any time be due from the Borrower to the Bank whether singly or jointly with another or others and that in addition to any general lien or similar right to which the Bank may be entitled, by law the Bank may at any time and without notice to the Borrower combine or consolidate all or any of the Borrower's Account with and liabilities to the Bank and set off or transfer any sum or sums standing to the Credit of any one or more of such account in or towards the satisfaction of any of the liabilities of the Borrower to the Bank on any other account or in any other respect whether such liabilities be actual or contingent, primary or collateral and several or joint.

29. Where the Borrower is a firm such firm and all partners thereof from time to time shall be bound hereunder both jointly and severally and notwithstanding any changes in the constitution or style thereof and notwithstanding that the firm shall consist of or be reduced to one individual. All covenants, conditions, agreements herein contained shall be performed by all the partners jointly and each of them severally and any act or default by any of them shall be deemed to be an act or default by all of them.

30. Any notice by way of request or otherwise hereunder may be given by the Bank to the Borrower personally or may be left at the address given below or at the then or last known place of business or residence of the Borrower in the Republic of India as the case may be addressed to the Borrower or may be sent by post to the Borrower as aforesaid and if sent by post, such notice shall be deemed to

have been given at the time when it would be delivered in due course of post, and in proving such notice when given by post, it shall be sufficient to prove that the envelope containing the notice was posted, and a certificate signed by the

Bank's Local Manager or Accountant that the envelope was so posted shall be conclusive. If, by reason of absence of the Borrower from the place mentioned below or otherwise, any such notice to the Borrower cannot be given then the same. If inserted once as an advertisement in a newspaper circulating in the district where the Borrower was last known to reside or carry on business shall be deemed to have been effectually given and received on the day on which such advertisement appears.

31. It is hereby expressly agreed that the Bank shall be at liberty to assign the debt and the benefit of these presents and the security for the advance and the security documents to the Industrial Development Bank of India / Small Industries Development Bank of India / National Bank for Agriculture and Rural Development (hereinafter referred to as the "Refinancing Agency") as security for any refinance obtained by the Bank from said Refinancing Agency in respect of the loan agreed to be advanced by the Bank to the Borrower and the Borrower shall if and whenever required by the Bank to do so, at the Borrower's own expenses do and execute and join in doing and executing all such acts, things, deeds, documents, or assurance as the bank may require, for the effectuation of such assignment.

32. The Borrower shall upon every reasonable request of the Bank or of the Refinancing Agency allow the Bank or the Refinancing Agency or any officer, servant or agent of the Bank or of the Refinancing Agency or any accountant appointed by the Bank or by the said Refinancing Agency to inspect the Borrower's premises and the hypothecated goods and the Borrower's books of account and vouchers for ensuring that the Borrower has duly complied with the terms of the proposal and of these presents.

33. The Borrower will furnish the Bank with all such information as the Bank may reasonably require for the Bank's satisfaction as to due compliance with the terms of the proposal and of the sanction, grant and utilisation of the said advance and all such periodical reports and information at such times, in such form and containing such particulars as the Bank may call for including information relating to the financial condition of the Borrower.

34. The Bank shall be at liberty (and the Borrower hereby gives his consent to the Bank) to furnish to the said Refinancing Agency Bank any such information or report, whether received by the bank from the Borrower or otherwise in the Bank's possession.

35. Nothing herein contained shall be deemed to limit or affect prejudicially the rights and powers of the Bank under any law or under any other documents executed or to be executed by the Borrower in favour of the bank.

IN WITNESS WHEREOF, the Borrower has executed this Agreement the day and year first above written.

**Schedule "A"**

(Short particulars of the hypothecated goods)

**Schedule "B"**

Amount of instalments. Date of Payment of instalments.

Rs.

Rs.

Rs.

(Signed by the above named  
Name/s of the Borrower)

(Signature/s of Borrower)

Address of Borrower/s

**THE COMMON SEAL** of the within named \_\_\_\_\_ Ltd., was pursuant to a resolution of its Board of Directors passed in that behalf on the \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_ hereunto affixed in the presence of Mr. \_\_\_\_\_ and Mr. \_\_\_\_\_.

NOT TO BE WITNESSED.

Note: Borrower's Loan application to be annexed.

Document checked

Date:

In case of any discrepancy or dispute, English version will be treated as authentic.