

CHA - 1

(For Priority
Sector Advances
excluding
Vehicle Loans)

HYPOTHECATION AGREEMENT

(To be stamped as Hypothecation Agreement)

THIS AGREEMENT executed at _____ this _____ day of _____
in favour of Bank of India. A body corporate constituted under 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 having one of its branches at _____ (hereinafter
called "the Bank" which expression shall include its successors and assigns) by

Shri _____
Son / wife / daughter of _____
(Address of _____
(Name of village / tehsil and District)

Shri _____
Son / wife / daughter of _____
(Address of _____
(Name of village / tehsil and District)

Shri _____
Son / wife / daughter of _____
(Address of _____
(Name of village / tehsil and District)

Shri _____
Son / wife / daughter of _____
(Address of _____
(Name of village / tehsil and District)

Carrying on business as sole proprietor/ in partnership under the firm name and
style as M/s. _____.

*..... Ltd. a Public/Pvt. Ltd company within the
meaning of Companies Act 1966 and having its Registered office at
_____ in the State of _____.

*..... a Co-operative Society/Society/an Association
registered under _____ and having its Regd. Office
at _____ in the state of _____
of

* Please delete which ever is not applicable.

M/s. _____ situated at _____
(here enter the name(s) of the Borrower(s) Co-Borrowers and their address)

(hereinafter referred to as the "the Borrower(s) (which expression shall unless the context or subject otherwise requires include his/their heir(s), executor(s) and administrator(s), assigns jointly and severally.

WHEREAS at the request of the borrower(s) as contained in his/their application dated _____ the bank has agreed to grant/granted to the borrower(s) from time to time upon the terms and conditions stated hereinafter and as stipulated in the Schedule I application form, sanction letter and other schedules hereto which form part of this agreement.

- (a) Cash Credit at Hypothecation of Rs. _____
(Rupees _____ only)
- (b) Overdraft to the extent of Rs. _____
(Rupees _____ only)
- (c) Demand Loan Rs. _____.
(Rupees _____ only)
- (d) Term Loan Rs. _____.
(Rupees _____ only)
- (e) Other credit facility (specify the nature of facility)
Rs. _____.
(Rupees _____ only)

(hereinafter collectively / individually referred to as "the loan(s)" for the purpose of granting finance to the borrower(S) for _____ (the purpose for which the loan was sanctioned to be narrated here)

NOW IN CONSIDERATION of the Bank having granted / agreed to grant the loan(s), the Borrower(s) hereby agree/s, undertake/s and declare/s:

- (I) That each and all of the borrower's (s'), present and future
 - (i) Crop whatsoever and wherever raised or to be raised including standing crops on the land described in the **Second Schedule** hereto or cut or stocked or stored or in course of transit or delivery;
 - (ii) Live stock/herd/fish/flock/silkworms and cocoons including those described in the **Third Schedule** hereto wherever they may be;
 - (iii) Tools/equipments/fixtures/machines, power tiller/tube well. Electric motor/diesel engine and / or other movables connected with and relating to farming/rearing of cattle and / or flock/fishing/sericulture including those described in the **Fourth Schedule** hereto wherever they may be;
 - (iv) Stocks/stock in trade/ consumer durables / machinery / equipment / including those described in the **Fifth Schedule** hereto wherever they may be;
 - (v) Receivables and investments, movable assets and valuables (All or any of items detailed in (i) to (v) above hereinafter referred to as "the security"

SHALL BE AND STAND HYPOTHECATED to the bank by way of first charge as security for the loans and also for all indebtedness or liabilities of the Borrower(s) to the Bank together with interest, commissions, costs, charges and expenses payable to or incurred by the Bank including those for the enforcement of any of the security(ies) any loan(s) which will be

disbursed, has / have been disbursed by the Bank to the borrower(s) in installments or in one lumpsum or to the suppliers directly at my/our request.

2. This agreement shall operate as security to the Bank in addition to any other security, if any, already held by the Bank for the repayment to the Bank on demand of the balance due to the Bank by the borrower at any time or ultimately on the closing of the said Accounts upto the aggregated amount _____ of Rs. _____ (Rupees _____). The expression "the balance due to the Bank in this and subsequent claims of this Agreement shall be taken to include the principal moneys from time to time due on the said Account/s whether demanded or not and also all interest(s) including additional interest, penal interest/commission charges, interest tax, liquidated damages by whatever name called, calculated from day to day in a manner and at the rate hereinafter mentioned and the amount of all cost (between Attorney and Client) charges and expenses of the Bank which the Bank may have paid or incurred in any way in connection with the hypothecated goods and other assets including the sale and disposal thereof and any other sum that is hereunder declared as debit to the accounts and interest thereon.
3. That the borrower(s) shall pay interest on the loan/s to be calculated on daily balances in the loan account(s) with monthly/quarterly/half yearly* or other rests according to the practice of the Bank and as per the guidelines issued by the Bank or RBI as applicable from time to time, at the rate of _____ % above / below the Prime Lending Rate of the bank (BOI PLR)/Prime Term Lending Rate (BOI PTLR), rising or falling therewith or at such other rates as may be decided by the Bank from time to time, with a minimum of _____ % p.a.

Provided that the Bank shall at any time and from time to time be entitled to change the rate of interest and such revised rate of interest shall always be construed as agreed to be paid by the Borrower(s) and hereby secured. Borrower(s) shall be deemed to have notice of change in the rate of interest whenever the changes in BOI PLR / BOI PTLR is displayed / notified at/ by the branch/published in newspaper/made through entry of interest charged in the passbook / statement of accounts sent to the borrower(s).

Further, without prejudice to the Bank's other rights and remedies, the bank shall be entitled to charge at its own discretion enhanced rates of interest on the outstanding in the loan account(s) or a portion thereof or for any default or irregularity on the part of the borrower(s) which in the opinion of the Bank warrants charging of such enhanced rates of interest for such period as the Bank may deem fit.

4. Borrower(s) agrees / agree that subsidy of Rs. _____ to be provided by the Government, shall be kept in Deposit / any other Account in his / their name for a minimum period which would be adjusted towards the loans as per the norms of the subsidy scheme.
5. That in case of cash credit, overdraft and demand loan, the Borrower(s) shall on demand forthwith pay to the Bank the outstanding(s) owing to the Bank in respect of the loans inclusive of interest, commissions, costs, charges and expenses. However, in a case where for any reason cash credit or overdraft or demand loan is permitted by the bank at its absolute discretion to be repaid in instalments and on such terms as may be

stipulated by the conditions as applicable to term loans herein shall apply to the said loan subject to such changes as may be stipulated by the bank. The term loan will be repayable by instalments as stipulated in the **Sixth Schedule** hereunto attached. In the event of any default committed, the bank will have right to demand the entire amount of principal and interest thereon remaining due and outstanding which will become payable forthwith.

- 5.1 That if the Bank at the request of the Borrower(s) agrees to reschedule the repayment of the dues in Hypothecation or Demand Loan or Over Draft or Term Loan account, the Borrower(s) agrees / agree to pay the dues in installments with the Interest and penal rate of Interest in the manner in which it was conveyed by the Bank, any letter by which it was communicated shall be treated as part of this agreement and all covenants of this agreements are applicable for such rescheduled limits also.

*Tick whatever is applicable and strike of the rest.

6. **Event of default:**

In any one or more of the following happenings, it would be treated as an event of default for this agreement:

- (a) Any breach of the terms of this Agreement.
- (b) One or more installments are not paid on due date.
- (c) Interest has not been paid on due date.
- (d) If any distress or execution is levied or issued upon or against any part of the property of the borrower(s) and the same is not discharged or vacated within 14 days or if a receiver is appointed for the borrower(s) business or if any substantial part of the borrower(s) assets or business shall be deemed to be seized or any action by any Government or any other authority is instituted to suspend business or agriculture pursuit or dispose of the whole or substantial part of his business or agricultural pursuit of the borrower(s)',
- (e) If the borrower(s) stops payment or ceases or decides to cease to carry on his/their business, agricultural pursuit or disposes of the whole or substantial part of his / their business or agricultural pursuit,
- (f) If any other indebtedness or obligation is not discharged when due prior to or on the specified maturity thereof,
- (g) If any information furnished by the borrower to the bank is found to be incorrect or incomplete in any material particulars,
- (h) If any event or circumstances shall occur which in the opinion of the Bank be prejudicial to or endanger or be likely to be prejudicial to or endanger its security here under,
- (i) If the borrower(s) fails/fail to utilise the loan amount exclusively for the purpose and in the manner set forth in the Borrower(s) proposal or Borrower(s) fails/fail to implement the proposal in accordance with the terms & conditions herein mentioned to the satisfaction of the Bank,
- (j) Commits any willful default in the opinion of the Bank and/or as per the guidelines of Reserve Bank and not rectified by Borrower(s) thereafter to the satisfaction of Bank,

In the event of nay default as above the Bank shall have the right to

- a) recover the entire dues forthwith,
- b) suspend any withdrawal from the account
- c) take possession of the security so created forthwith and to decline to grant/release the advance or any part thereof which may remain to be advanced.
- d) refuse to grant / release the advance or any part thereof which may remain to be advanced,
- e) take any other action, as it may deem fit, for recovery of its dues and enforcement its securities.

7. Lien

The Bank shall have the right of lien and / or set off against any of the balances in the account of the borrower(s) in accordance with the previsions of this agreement and the law. The borrower(s) will not create any charge over any of his/their property(ies) whether charged or not agreed to the Bank except with the express permission of the bank. The borrower(s) shall not bank with any other Bank except with the express permission of the Bank in writing. The borrower(s) shall not create any lien on the properties/goods hypothecated to the Bank.

8. The Borrower(s) shall furnish information from time to time as required by the Bank and give and execute necessary document/s required to give effect to any security. The Borrower(s) shall also provide a suitable third party guarantee as and when required. The Borrower(s) shall allow the Bank or its authorised representative, at any time, with or without notice, inspection of the securities hypothecated to the Bank and Books of accounts maintained by the Borrower. The Borrower(s) shall pay/reimburse to the Bank the expenses that may be incurred by the Bank for inspection of the securities charged to the Bank and for sale of such securities.

9. Right of possession:

In the event of default, at the instructions of the Bank, the borrower(s) undertakes to hand over possession of the securities charged and Bank is entitled to sell them and recover its dues. The Bank shall not be liable or any way be responsible for any damage or depreciation which the hypothecated assets or any part thereof may suffer or sustain on any account whatsoever while the same shall at any time comes into the possession of the Bank or if any receiver being appointed.

10. Assignment:

The Bank shall be at liberty to assign the debt and the benefits of these presents and all the security for the advance and the security documents to the Refinancing Agency / Participating Banks/Financial institutions as security for any refinance, Inter-bank Participation Certificates/Securitisation, obtained by the bank from the Refinancing Agency / Participating Bank in respect of the loans advanced / agreed to be advanced by the Bank to the borrower(s) and the borrower(s) shall, if and when required by the bank to do so at the borrower(s)' own expenses, do and execute and join in doing or executing all such acts, things, deeds, documents, or assurances as the bank may require for the effectuation of such assignment.

11. Notice:

Any information/communication given/made through post/courier at the address last known to the bank will be treated as sufficient service for all intents and purposes. The borrower(s) agrees that it shall be his/their duty to inform the Bank his/their change of address if any, failing which he/they shall not be entitled to raise pleas such as non-receipt of notice before any Court/Tribunal/Forum, whatsoever.

12. 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.

13. Where the **borrower** is more than one individual each one of them shall be bound and liable hereunder jointly and severally with the other or others and/or all of them and all covenants, conditions, agreements, herein contained shall be performed by them and each of them jointly and severally and any act or default by all of them or where the borrower is a firm such firm and all partners thereof from time to time shall be bound hereunder both jointly and severally notwithstanding any changes in the constitution or style thereof and notwithstanding that the firm shall consist of or be reduced to one individual.

14. That the borrower(s) hereby gives/give his/their consent for the loans being recovered as public money in terms of any legislation relating to recoveries thereof, where such consent is necessary.

15. (i) That the demand promissory note dated _____ executed / endorsed in favour of the Bank by borrower(s) for Rs. _____ in respect of _____ account(s) stated hereinabove is to stand and be regarded as a continuing security and be enforceable for all monies which now are or which may at any time(s) hereafter become due and owing by the undersigned to the Bank for all the said accounts and any other account or accounts and whether or not from time to time there be nothing owing in such account(s) or the same may be in credit.

(ii) That the borrower(s) or any firm in which the borrower(s) is/are a partner/s will not without Bank's written permission obtain any other or further or additional advances or credit facilities of any kind from any branch of the Bank or of any other bank, so long as Borrower(s) remain/s indebted/liable to the Bank in any way. The borrower(s) or any firm in which borrower(s) any one or more of borrower(s) is/are partner/s, do not have any advance or other credit facility with any other branch or office of the Bank or any other bank.

(Please give brief particulars of advances/facilities and security therefor with name/s of branches of this Bank / other Banks if such Borrower(s)'s firm is enjoying the credit facility/ies.

(iii) That the borrower(s) shall use the amounts only for the purpose for which it is sanctioned and shall not use the amount or any part thereof directly or indirectly for any purpose other than for which it is sanctioned.

(iv) That as a precondition of the loan/advances given by the Bank that in case borrower(s) commit/s default in repayment of such loan/advances or in repayment of interest thereon or any of the agreed installment of

the loan on the date, the Bank and/or RBI will have an unqualified right to disclose or publish my / our name/s or the name/s of our Directors / partners / proprietor as a defaulter in such manner as Bank/RBI may thinks fit.

The contents of the Agreement have been read over and translated into (mention the name of the language) and explained to Borrower(s) and he/they having understood the contents thereof subscribe(s) to these presents.

IN WITNESS WHEREOF the borrower(s) has/have set his/their hand(s) to these presents on this the day and year first above written.

Signatures/Thumb Impression of borrower(s)

THE FIRST SCHEDULE (Referred to above)

Terms and Conditions:

1. (a) The borrower(s) will at all times maintain a sufficient quantity and market value of the security to provide the necessary margin of security required by the bank wherever applicable and shall furnish to the Bank

every quarter a statement showing the manner in which the said advance had been utilised and shall furnish such other information/papers as may be required by the Bank.

- (b) The Bank shall be entitled to put up and the Borrower(s) hereby gives/give his/their consent to the Bank to put up a board or a plate on/or in respect of the hypothecated goods, at such place as the Bank deems fit indicating that the hypothecated goods are hypothecated to the Bank.
- (c) The Borrower(s) will maintain the hypothecated goods in good order and condition the same shall be kept in running condition will serviced and worn out parts replaced(in case of machinery etc.)
- (d) The hypothecated goods will not be allowed to deteriorate and suffer depreciation beyond the normal extent of wear and tear and
- (e) The borrower(s) shall notify the Bank any change in his present address given herein and shall keep the bank informed of the place at which hypothecated goods are kept.

2. The borrower(s) shall not except in the normal course of business but subject to the powers of the Bank herein contained, cut, remove/dispose of the security from the place(s) wherever normally they may be kept/preserved, stored without the prior written permission of the Bank during the time any money herein mentioned shall remain outstanding. Such security, if so required by the Bank , shall be immediately delivered to the Bank.

3. That the Bank without being bound to do so or being liable for any loss on account thereof and without prejudice to the rights and remedies of suit or otherwise shall be entitled to:

- (i) Without notice to the borrower(s) and at the borrower(s) risk and expense enter any place(s) where the security may be kept/stored and inspect , value, insure, dispose of and or take possession thereof.
- (ii) Without prejudice to the foregoing on default of the borrower(s) in payment of any money hereby secured or on the non-performance of an obligation on the part of the borrower(s) or on the occurrence of any circumstances in the opinion of the bank endangering the security, take possession or recover and/or sell by public auction or private treaty or contract or otherwise deal with the security and appropriate the net sale proceeds to the outstanding dues;
- (iii) Apply towards the outstanding loans/dues any money in its hands belonging to the borrower(s) and to recover the balance if any of the loans/dues not withstanding that all or any of the security/ies may not have been realised;
- (iv) To settle, compromise and deal with any manner with any rights, debts, and claims of Borrower(s) relating to the security;

4. That all the security is free and shall be kept free from any charge or encumbrance except those in favour of the Bank. The borrower(s) shall not during the continuance of this Agreement sell, dispose of, transfer, assign, lease, mortgage, pledge, hypothecate or otherwise charge or encumber in any manner or part with the possession of the hypothecated vehicles nor shall the Borrower(s) does / do or permit to be done any act whereby the security herein before 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 or any Government or Municipal Authority or body or any local or other Authority or Body whatsoever.

- 5.(i) The borrower(s) shall at all times keep such items of security as are of insurable nature, insured against loss or damage by fire and other risks as may be required by the Bank and shall assign in favour of the Bank and deliver to the Bank all such policies. If the Borrower(s) fails/fail to furnish the insurance policies duly renewed and assigned in favour of the Bank two weeks before the date of maturity or expiry of the policy it shall be lawful but not obligatory upon the Bank to insure and to pay Insurance Premium by debit to the borrower(s) account(s) in respect of the security that are of insurable nature. The proceeds of such insurance received if any shall be applied towards the satisfaction of the Bank's dues
- (ii) The borrower(s) hereby undertake/s to pay the personal insurance premium as directed the bank. In case borrower/s failed to pay such premium the Bank is authorised though Bank is not bound to do to debit appropriate premium towards to borrower(s) personal insurance. Such Insurance Policy shall contain a Bank's clause enabling the Bank to collect the proceeds from insurance company and appropriate towards the loan account.
6. That the borrower(s) shall pay all charges and taxes statutory or otherwise in respect of the security. The Bank may, without being bound to do so, pay all such charges and taxes at the cost of the borrower(s) by debit to the borrower(s) account(s).
7. This agreement is intended to and shall operate as continuing security for all loans, indebtedness and liabilities of the borrower(s) to the Bank at all times during the subsistence of the agreement notwithstanding:-
- (a) The existence of a credit balance or "Nil" balance in the loan account at any time or any partial payment or fluctuation of accounts or;
- (b) any loans or any part thereof have been repaid either after demand has been made by the bank or otherwise or has not been so repaid on demand.
8. If the borrower(s) be more than one individual, each one or any one of them is/are authorised and empowered by the other(s) of them to admit and acknowledge his/their liability to the bank or any of them to admit and acknowledge the liability to the Bank, by any payment into the accounts(s) or by way of express writing in any manner or otherwise and any such admission and acknowledgement of the liability by one or more of them shall be construed to have been made on behalf of each of them.
9. Nothing herein shall operate to prejudice the Bank's rights or remedies in respect of any present or future security or guarantee or obligation or decree for any indebtedness or liability of the Borrower(s) to the Bank.

Borrower/s

THE SECOND SCHEDULE
(Referred to above)

(The detailed description of the Hypothecated assets has to be narrated)

* Details of hypothecated assets/crops etc. growing / grown on all the pieces and parcel of land as detailed hereunder (specify here for identification of the details like survey number, village name etc. where the crop is growing or stored)

Borrower/s

THE THIRD SCHEDULE
(Referred to above)

* The herds/flock/fish/silk worms and cocoons/live stocks etc. short particulars whereof are given hereunder (Specify here the address with Survey No., Village where the security is lying)

Borrower/s

THE FOURTH SCHEDULE
(Referred to above)

* The tools equipment/fixtures/boats/machines, tube well/electric motors/diesel engine and other movables connected with and relating to farming/rearing of cattle and/or flock/fishing/sericulture or allied agricultural activity.
(Specify here the address with Survey No., Village where the security is lying)

Borrower/s

THE FIFTH SCHEDULE
(Referred to above)

* Stock/stock-in-trade/consumer durables/machinery/equipment short particulars whereof are given hereunder:
(Specify here the address with Survey No, Village where the security is lying)

Description of machinery/accessories, implements consumer durables etc.	Make & year of manufacture (state whether new/second)	Manufacturers	No./ Identification mark(s)	Purchase price and date of purchase

	hand)			

Borrower/s

THE SIXTH SCHEDULE
(Referred to above)
(Repayment Schedule for Term Loan as per sanctioned terms)

Sl.No	Due Date	Amount of Installment / EMI / EQI / EHI / EAI

Borrower/s

* Tick whatever is applicable and strike of the rest

Place: _____