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| DEED OF HYPOTHECATION (CHARGE)  THIS HYPOTHECATION is made the \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_, in the year 20 \_\_\_\_\_\_\_\_\_  BETWEEN  …………………………………………………….. Mills Ltd.  a limited liability company having it registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and its factory \_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_  (hereinafter called ‘the Mills’) of the one part  AND the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Bank having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and several branches including the one at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ (hereinafter called ‘the Bank’) of the other part.   WHEREAS the Bank at the request of the Mills has agreed to grant to them accommodation through the medium of a Cash-Credit Account under a drawing limit of Rupees \_\_\_\_\_\_\_\_\_(Rs \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_) only to be secured in the manner hereinafter expressed.   NOW THEREFORE IT IS HEREBY AGREED AND DECLARED as follows:   1. That the Mills hereby charges and hypothecates by way of first charge in favour of the Bank all present and future movable plants, engines, machinery, apparatus, tools, motor trucks, lorries and cars, furniture, stocks of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and other stocks and goods of the Mills, whether in possession or in transit or in process of manufacture (hereinafter referred to as ‘‘the said property’’) for the purposes and upon the terms hereinafter declared.   2. That the said property shall stand hypothecated and charged to the Bank by way of first charge as security for the payment to the Bank on demand of the balance of the said Cash-Credit Account and/or any other account of the Mills with the Bank at the aforesaid Branch of the Bank at. \_\_\_\_\_\_\_\_\_ with all interests, discount, commission, charges, costs, etc. usually, customarily or expressly contracted to be debited to the said account or accounts by the Bank in relation to any such indebtedness or liability.   3. That unless otherwise expressly agreed interest at the rate of one per cent per annum above the Reserve Bank of India rate for demand loans obtaining from time to time with a minimum rate of \_\_\_\_\_\_\_\_\_ per cent per annum shall be calculated on the daily balances payable by the Mills to the Bank on the said account or accounts on the last working day of each English month or otherwise in accordance with the practice of the Bank and although the relation of Banker and Customer may have ceased, the same shall thenceforth carry interest at the rate aforesaid.   4. That the Bank may at any time at its option and without assigning any reason close the said Cash-Credit Account and stop all future advances and demand payment of the balance then due.   5. That on demand being made by the Bank the Mills shall forthwith pay to the Bank at its said branch at \_\_\_\_\_\_\_\_\_ the balance then outstanding and owing to the Bank on the said account or otherwise inclusive of all charges, commissions, expenses, costs and interest at the stipulated rate up to the date of final payment and in this respect the Mills undertake to accept as sufficient proof of the amount due from them a true copy of the account furnished by the Bank without the production by the Bank of any vouchers, receipts, paper or original books of account.   6. That the said property shall be kept fully insured at the cost of the Mills under a comprehensive policy of insurance with a reliable company of the Bank’s choice and the policies transferred and delivered to the Bank. If the Mills fail to effect such insurance the Mills hereby absolve the Bank from all responsibility for loss of or damage to the said property from whatsoever causes arising, including loss by fire, theft, neglect, strikes or civil commotion, while in process of manufacture, clearance or while stored in the factory premises or any godowns appurtenant to or kept by the factory.   7. That the Mills undertake to put at appropriate and conspicuous places on the Mills or factory premises boards with the inscription: \_\_\_\_\_\_\_\_\_ Bank, Mortgagee’’ and it shall be deemed whenever so required that the said property stands hypothecated with the Bank.   8. That the Bank shall at all times be and is hereby authorised as if in absolute possession and without notice to the Mills by its servants and with or without workmen to enter any place where any part of the said property may be and inspect and value the same and on any default of the Mills for twenty-four hours in payment of any money hereby secured or in the performance of any obligation of the Mills to the Bank hereunder or in the event of a distress execution attachment or other similar process being held out, levied or enforced against or upon any property of the Mills or in the event of any winding up or insolvency petition being made or an effective resolution passed for the winding up of the Mills or on the occurrence of any circumstances in the opinion of the Bank endangering this or any other security in the Bank’s favour, the Bank without notice to the Mills shall be entitled at any time or times to take charge of and/or to sell and realise by public auction or private treaty at such price and on such terms as the Bank in its absolute discretion shall think fit the said property or any part thereof AND for the said purposes the Mills hereby authorise and empower the Bank through is agents and officers to do and execute any of the above things and acts aforesaid as effectively as if the Mills were itself doing the same.   9. That the Bank shall be entitled to proceed against the said property or any part thereof and to allocate and apply the net proceeds of any sale or auction and any other moneys in its hands standing to the credit of or belonging to the Mills on any account independently of the one or the other in such order and in such manner as the Bank may think fit in or towards payment of any amount for the time being payable to the Bank on the said account or otherwise and also apply or hold the same in or towards the satisfaction of any present or future liability and to recover at any time from the Mills by suit or otherwise the balance remaining payable to the Bank on the said account or otherwise notwithstanding that all or any of the security of the Bank may not have been realised.   10. That the Mills shall not create or suffer any mortgage, charge, lien or encumbrance affecting the said property or any part thereof nor do or allow anything whereby the Bank’s security is prejudicially affected or its rights impaired.   11. That the Mills will submit to the Bank monthly or oftener as may be required by the Bank full statements and accounts of the assets and business of the Mills and will execute all documents and do all acts and things which the Bank may require in order to give effect to the terms of this agreement.   12. That this agreement and the security herein referred to shall operate as a continuing security for all moneys, indebtedness and liabilities aforesaid notwithstanding the existence of a credit balance on the said Cash-Credit Account or any other account at any time or any partial payments or fluctuations of account.  13. That the Mills hereby declare that all the present assets and properties of the Mills charged as aforesaid are the absolute property of and are at the disposal of the Mills, free of all prior charges, encumbrances, liens and attachments and all future assets and properties hereunder shall likewise be unencumbered absolutely and shall be at the complete disposal of the Mills.   14. That it is hereby further agreed and declared that any notice by way of request, demand or otherwise hereunder may be given to the Mills by being left at or sent by post addressed to the last known registered address of the Mills and if sent by post it 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 it shall be sufficient to prove that the envelope containing the said notice, request, demand or otherwise was posted and a certificate signed by the Bank or its local manager or other officer to the effect that the envelope was so posted shall be conclusive.  IN WITNESS whereof Sri \_\_\_\_\_\_\_\_\_ Manager/Managing Agent or Managing Director of the Mills for and on behalf of the Mills authorised by resolution duly passed and Sri \_\_\_\_\_\_\_\_\_,  Manager/Agent of the Bank at \_\_\_\_\_\_\_\_\_, under a power of attorney duly executed by the Bank have hereunto at \_\_\_\_\_\_\_\_\_, signed the day and the year first abovewritten.  Witnesses:   1.   For The \_\_\_\_\_\_\_\_\_Mills Ltd.   Sd \_\_\_\_\_\_\_   Address:   Manager/Managing Agent/Managing  Director.   2.   Address:   For  The \_\_\_\_\_\_\_\_\_ Bank   Sd \_\_\_\_\_\_\_   Manager/Agent   Note.—Where the document creates a charge on the properties of a limited liability company, it should be registered with the Registrar of Joint Stock Companies, under Section 125 of the Indian Companies Act, 1956. | |  | | --- | |  | |
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