

PEOPLE'S BANK

AGREEMENT TO SECURE A CASH CREDIT ON GOODS DEPOSITED

No:.....

Amount Rs:

Name:.....

The People's Bank (hereinafter called "the Bank") having at the request of
(hereinafter called "the Borrowers") open or agreed
to open in the Books of the Bank at a Cash Credit Account to the extent of
Rupees with the
Borrowers to remain in force for a period of days from the
day of Two Thousand and to be
secured by goods to be pledged with the Bank. IT IS HEREBY AGREED between the Bank
and the Borrowers (the Borrowers agreeing jointly severally) as follows:—

1st. That the goods described in general terms in the Schedule hereto which have been already delivered to and the goods which shall be hereafter delivered to the Bank under this Agreement whether for the purpose of forming additional Security for any sum already drawn or as security for any sum or sums to be drawn against the said Cash Credit Account or by way of substitution for and in lieu of any goods which may from time to time have been delivered or may be delivered to the Bank under this Agreement or otherwise howsoever (hereinafter called "the Securities") are hereby pledged to the Bank or are to be deemed to have been so pledged as Security to the Bank for the payment by the Borrowers of the Balance due to the Bank at any time or ultimately on the closing of the said Cash Credit Account and for the payment of all debts and liabilities mentioned in the 13th Clause hereof. The expression "the balance due to the Bank" in this and the subsequent clauses of this Agreement shall be taken to include the principal monies from time to time due on the said Cash Credit Account and also all interest thereon calculated from day to day at the rate hereinafter mentioned and the amount of all charges and expenses which the Bank may have paid or incurred in any way in connection with the Securities or the sale or disposal thereof.

2nd. That the Bank shall from time to time be at liberty to have any Securities that may be deposited as aforesaid valued by an Appraiser appointed by the Bank and the fees and expenses of such appraisement shall be paid by the Borrowers.

3rd. That the Borrowers shall not during the continuance of this agreement pledge or otherwise charge or encumber any of the goods for the time being the subject or intended to be the subject of this Security nor do or permit any act where by the security hereinbefore expressed to be given to the bank shall be in anywise prejudicially affected.

4th. That the Borrowers shall with the previous consent of the Bank be at liberty from time to time to withdraw from the Bank any of the goods for the time being pledged to the Bank and forming part of the Securities the subject of this Agreement provided the advance value of the said goods is paid into the said Account or goods of a similar nature to those mentioned in the Schedule hereto or any of the same and of at least equal value are substituted for the goods so withdrawn PROVIDED ALWAYS that the Bank may at its will give permission to the Borrowers to withdraw from the Bank any of the goods for the time being pledged to the Bank without paying into the said Account such advance value as aforesaid or substituting any goods as aforesaid provided the necessary margin required by the 7th Clause hereof is fully maintained.

5th. The Borrowers shall at all times during the continuance of this Security and so long as any money shall remain due and owing to the Bank by virtue hereof, insure and keep insured all the Securities already and hereafter delivered as aforesaid to the full extent of their value against Burglary, Strikes, Riots and Fire risks in some Insurance Office or Offices approved by the Bank and in the name of the Bank and shall duly and punctually, pay the premia payable in respect thereof at least one week before the same shall have become due or payable and shall hand over the Policy or Policies of Insurance and Receipts for Premia paid in respect thereof to the Bank, and the Borrowers agree not to raise at any time any dispute as to the amount of the insurable interest of the Bank. If default shall be made in payment of such premia or in keeping the said Securities so insured then and in such case it shall be lawful but not obligatory for the Bank to pay such premia and to keep the Securities so insured and the expenses incurred by the Bank for the purpose shall be charged to and payable by the Borrower with interests as provided for in clauses 9 and 20 hereof.

6th. That all sums received under any such Insurance as aforesaid shall be applied in or towards the liquidation of the Balance due to the Bank for the time being and in the event of there being a surplus the same shall be applied as provided by the 13th Clause hereof.

7th. That the Borrowers shall make and furnish daily to the Bank such statements and returns of the cost and market value of the Securities and a full description thereof and produce, such evidence in support thereof as the Bank may from time to time require and shall keep and maintain in favour of the Bank a margin of _____ per cent between the market value from time to time of the securities and the balance due to the Bank for the time being. Such margin shall be calculated on the open market value of the Securities as fixed by the Bank from time to time and shall be maintained by the Borrowers either by the delivery of further Security to be approved by the Bank or by cash payment by the Borrowers immediately on the market value for the time being of the Securities becoming less than the aggregate of the balance due to the Bank plus the amount of the margin as calculated above and that in default of provision of such margin the balance due to the Bank shall be immediately paid by the Borrowers if the Bank so required notwithstanding anything herein contained to the contrary.

8th. That interest at the rate of _____ per cent per annum shall be calculated and charged on the daily balance in the Bank's favour due upon the said Cash Credit Account until the same is fully liquidated and shall be paid by the Borrowers monthly at the end of every calendar month or as and when demanded by the Bank.

9th. That on the expiration of the said period of _____ days from the day of _____ 20 _____ the Borrowers shall pay to the Bank the balance then due to the Bank together with all unpaid interest at the above-mentioned rate and the amount of all further charges and expenses (if any) to the date of payment.

10th. In the event of the Borrowers failing to make full payment of the balance due to the Bank on or before the expiration of the said period of _____ days from the day of _____ 20 _____, the Bank shall be entitled to charge interest at a penal rate of _____ per cent per annum on the balance due to the Bank from the date of default upon the date of full settlement and such interest shall be payable monthly at the end of every calendar month or as and when demanded by the Bank.

11th. That if when called upon by the Bank to maintain such margin as aforesaid the Borrowers shall fail to do so or in the event of the Borrowers committing a breach of any of the terms contained in paragraphs 1,2,3,4 and 5 hereof or in the event of the Borrowers committing any act of Insolvency within the meaning of the Insolvency Ordinance for the time being or becoming or being adjudged insolvent of executing any Deed of Arrangement Composition or Inspectorship or in the event of any distress or execution being levied or enforced upon or against any of the property of the Borrowers whether the said property shall or shall not be the subject of this security and (whether the Borrowers are or are not a Joint Stock Company in the event of any person firm or Company taking any step toward applying for or obtaining an order for the appointment of a Receiver of the Borrowers property or any part thereof or, (in the event of the Borrowers being a Joint Stock Company) if any person firm or company shall apply to obtain an order for the winding up of the Borrowers or if any such order is made any step be taken by any person firm or Company in or towards passing any resolution to wind up the Borrowers or if any such resolution be passed whichever may first happen then in any of such events the sum and sum of money then due to the Bank upon the said Cash Credit Account together with all unpaid interest at the aforementioned rate and the amount of all further charges and expenses (if any) shall forthwith become repayable on demand.

12th. Upon the monies due to the Bank upon the said Cash Credit Account becoming payable (whether under the provisions of the 9th or 11th clauses of this agreement) it shall be lawful for the Bank to exercise the statutory power of sale conferred by sub-section 1 of section 85 of the Mortgage Act in respect of the Securities held by the Bank subject to the observance of the provisions of sub-sections 2 and 3 or if the Bank shall think fit so to do forthwith or at any time thereafter and without any notice to the Borrowers to sell or otherwise dispose of all or any of the Securities either by public auction or private contract and subject to such conditions as the Bank shall think under the express authority to do so which the Borrowers hereby give the Bank. The nett proceeds of such sale (whether made in exercise of the statutory power conferred by section 85 of the Mortgage Act or of the contractual power hereby conferred) shall be applied in liquidation of the balance then due to the Bank upon the said Cash Credit Account.

13th. That if the net sum realised by such sale (whether made in exercise of the statutory powers conferred by the Mortgage Act or of the contractual powers hereby conferred) shall be insufficient to cover the balance then due to the Bank, the Bank shall be at liberty to apply any other money or monies in the hands of the Bank standing to the Credit or belonging to the Borrowers 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 monies as aforesaid in the hands of the Bank or in the event of such money or monies being still insufficient for the discharge in full of such balance the Borrowers promise and agree forthwith on production to them on an account to be prepared and signed as in the 15th Clause hereof provided to pay any further balance which may appear to be due by the Borrowers thereon provided always that nothing herein contained shall be deemed to negative qualify or otherwise prejudicially affect the right of the Bank (which it is hereby expressly agreed the Bank shall have) immediately upon the expiration of the said period of days from the day of 20 or at any time thereafter to recover from the Borrowers the balance then remaining due from the Borrowers to the Bank upon the said Cash Credit Account notwithstanding that all or any of the said Securities may not have been realised.

14th. That in the event of there being a surplus available of the net proceeds of such sale (whether made in exercise of the statutory powers conferred by the Mortgage act or of the contractual powers hereby conferred) after payment in full of the balance due to the Bank it shall be lawful for the Bank to apply the said surplus together with any other money or monies belonging to the Borrowers or any one or more of them for the time being in the hands the Bank in or under whatever accounts as far as the same shall extend in or towards payment or liquidation of any and all other monies which shall be or may become due from the Borrowers or any one or more of them whether solely or jointly with any other person or persons firm or Company to the Bank by way of Loans, Discounted Bills, Letters of Credit Guarantees, Charges or any of other demands legal or equitable which the Bank may have against the Borrowers or any one or more of them or which the law of set-off or mutual credit would in any case admit and whether the Borrowers or any one or more of them shall become or be adjudicated bankrupt or insolvent or be in liquidation or otherwise and interest thereon from the date on which any and all advance or advances in respect thereof shall have been made at the rate or respective rates at which the same shall have been so advanced.

15th. That any surplus of the net proceeds of any such sale (whether made in exercise of the statutory powers conferred by the Mortgage Act or of the contractual powers hereby conferred) after payment of all principal and interest monies due by the Borrowers or any one or more of them to the Bank or for in respect of the said Cash Credit Account or in anywise relating thereto and of all other monies due from them to the Bank on any account whatsoever as aforesaid shall be paid to them by the Bank when they shall or may direct.

16th. That the Borrowers agree to accept as conclusive proof of the correctness of any sum claimed to be due from them to the Bank under the Agreement a statement of account made out from books of the Bank and signed by the Accountant or other duly authorised officer of the Bank without the production of any other voucher, document or paper.

17th. That this Agreement is to operate as Security for the balance from time to time due to the Bank and also for the ultimate balance to become due on the said Cash Credit Account and the said Account is not to be considered to be closed for the purpose of the Security and Security is not to be considered exhausted by reason of the said Cash Credit Account being brought to credit at any time or from time to time before the expiration of the said period of days from the day of 20 or of its being within the period aforesaid drawn upon to the full extent of the said sum of Rs. if afterwards re-opened by a payment to credit within the said period.

18th. Provided always that this Agreement is not to prejudice the rights or remedies of the Bank against the Borrowers irrespective and independent of this Agreement in respect of any portion of the ultimate balance of the said account and interest in excess of the said sum of Rs. only or in respect of any other advances made or to be made by the Bank to the Borrowers.

19th. The Bank shall not be in any way liable or responsible for any damage or depreciation which the goods for the time being pledged to the Bank and forming part of the security the subject of this Agreement or any part thereof may suffer or sustain on any account whatsoever while

(4)

the same are in possession of the Bank during the continuance of this Agreement or thereafter AND IT IS HEREBY AGREED AND DECLARED (a) that any demand or notice in writing required to be served under Section 85 (2) of the Mortgage Act before the Bank shall exercise the statutory power of sale conferred by sub-section 1 of Section 85 shall be sufficiently served if addressed to the Borrowers at

or to such new address which the Borrowers may notify to the Bank (if the same shall have been acknowledged in writing by the Bank) (b) any other notice in writing required to be served hereunder shall be sufficiently served if addressed to the Borrowers at any at the addresses registered as aforesaid or in the event of no such address been registered at their last known place of residence or business in the Democratic Socialist Republic of Sri Lanka and left at such address or place or forwarded to them by post at the address or place aforesaid. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent.

20th. And the Borrowers hereby declare and this Agreement is made on faith of such declaration that the Borrowers are the owners of the Securities that the same are except delivered to the Bank within their disposition and control free any prior charge.

21st. In case the Borrowers shall be a firm or members of a firm no change whatsoever in the constitution of such firm during the continuance of this Agreement shall impair or discharge the liability of the Borrowers or any one or more of them thereunder.

IN WITNESS whereof the Borrowers have hereunto set their hands this
in the Christian Year Two Thousand

day of

SCHEDULE OF SECURITIES referred to in the foregoing Instrument.