

**Hatton National Bank PLC (Registration No. Pq82)**

.....**Branch**

**Dear Sirs,**

**GENERAL LETTER OF HYPOTHECATION**

In consideration of **Hatton National Bank PLC (hereinafter referred to as "the Bank")** a Banking Company duly incorporated in the Democratic Socialist Republic of Sri Lanka, bearing company registration No. PB 82 and having its registered office at No. 479, T.B Jayah Mawatha, Colombo 10 and having its Centralized Trade Processing Department at 02<sup>nd</sup> Floor, No: 16, Janadhipathi Mawatha, Colombo-01, Sri Lanka,

- a) negotiating at our request all bills drawn under Letters of Credit and containing various discrepancies, and/or
- b) negotiating Bills of Exchange and/or invoices or other documents representing or relating to goods and/or
- c) collection of Bills of Exchange and/or invoices or other documents representing or relating to goods
- d) purchase or pre-pay all bills drawn under Letters of Credit.

We the undersigned hereby agree with you and/or authorize you:

1. to give the drawees such indemnity against all losses and consequences arising from the discrepancy/ discrepancies as they may require in order to obtain acceptance and for payment of the said bill/bills and we agree to indemnify you against all liabilities, less costs and expenses whatsoever that may be incurred, sustained or paid by you arising from such indemnity/indemnities or by reason of you having negotiated the said bill/bills notwithstanding the discrepancy/discrepancies and we further agree to refund to you on demand the value of the said bill/bills in the event of non-acceptance or non-payment thereof.
2. To provide you with funds:
  - (a) To meet on demand all bills negotiated or endorsed by you for the undersigned which may be dishonoured on presentation for acceptance or which may not be paid at the due date thereof according to the original tenor thereof and non-payment of a bill shall be deemed to have taken place if, at that date funds have not been placed at your free disposal for the whole sum due.
  - (b) To reimburse you for all advances made against documents of title which may not have been duly taken up on presentation.
  - (c) To meet re-exchange expenses and interest.
3. Authorize you at your absolute discretion:
  - (a) To insure any goods in respect of which you hold documents against all risks whether by land or sea.
  - (b) To land and store any goods and/or reship the same to any other port.
  - (c) To pay any freight, warehouse dock and other charges
  - (d) To pay or retain and charge the undersigned with such charges for commission as are usual between merchant and correspondent and such interest, re-exchange notarial and banking charges as are usually payable in these circumstances.
  - (e) To take conditional acceptances of Bills of Exchange (including acceptances for honour) and or extend the due date for payment thereof upon such conditions as you think fit.
  - (f) To accept payment from the drawees or acceptors before maturity under rebate or discount.
  - (g) To accept part payment before maturity and to deliver a proportionate part of the goods to the drawees or acceptors of the Bills or the consignees of the goods.
  - (h) To convert into such currency as you may think fit by telegraphic remittance or otherwise at your discretion any moneys received by you under or by virtue of this letter of hypothecation and to debit the account of the undersigned with all costs charges and loss on exchange thereby incurred.
  - (i) To debit the account of the undersigned with all money chargeable to the undersigned under this letter of hypothecation and with the amount of unaccepted or unpaid bills of exchange or of advances against other documents of title for which the undersigned are liable to you or any deficiency arising after realization.

4. To sell any goods represented by the before mentioned documents or to which they relate without demand for payment or notice to any person in such manner as in your absolute discretion you think fit in any of the following events.
  - (a) On default of acceptance on presentation or of payment at maturity of any bill of exchange or of any other sum due hereunder.
  - (b) On any drawee or acceptor of any bill suspending payment becoming bankrupt or insolvent or taking any steps for composition or arrangement with creditors.
  - (c) On the undersigned failing to repay on demand any advance made by you or other indebtedness to you of the undersigned with all interest, commission and other charges in respect thereof.
  - (d) On any payment being made by you which you are authorised to make under this letter of hypothecation.
  - (e) If and whenever you consider it desirable having regard to the then market value of the goods that the goods should be sold whether or not any contingent or other liability to you of the undersigned shall have actually matured.
5. After payment of all expenses charges and commissions the net proceeds of the sale of the goods shall be applied towards payment of the then accrued or contingent liability to you of the undersigned and the surplus (if any) shall belong to the undersigned.
6. Should any claim arise under any insurance you are authorised to recover the full amount thereof and the undersigned agree to assign to you the policy for that purpose.
7. Your holding additional securities is not to prejudice your rights on any bills in case of dishonour nor shall any recourse or proceedings taken thereon or your giving time or making any arrangements or composition affect your title to any security or the liability of the undersigned.
8. You are not to be liable for default of any broker, auctioneer or other person employed in the sale of the goods or for any other purpose connected therewith.
9. When signed by more than one the expression the undersigned used above shall include all and each of them and when the undersigned is a firm shall include the person or persons from time to time carrying on business in the name of the said firm and words importing the singular number only shall include where necessary the plural.

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Authorised Signatory