#### LOAN AGREEMENT

THIS LOAN AGREEMENT is executed on \_\_\_\_\_\_\_\_\_\_\_\_at\_\_\_\_\_\_\_\_\_\_\_\_, by \_\_\_\_\_\_\_\_\_\_\_\_**,** as Sole Proprietor of \_\_\_\_\_\_\_\_\_\_\_\_**,** “hereinafter called the Borrower” (which expression shall be deemed to include his heirs, executors, administrators and legal representatives) of the **ONE PART** and the Jammu and Kashmir Bank Limited, a banking company incorporated under the Jammu and Kashmir companies Act. 1977 (SVT) and having its Registered office at Corporate Headquarters, M.A. Road, Srinagar and Business Unit amongst others at \_\_\_\_\_\_\_\_\_\_\_\_**or** any other business unit where the accounts of Borrower may be transferred at any time**,** “hereinafter called the Bank” (which expression shall be deemed to include its assigns and successors in interest) of the **OTHER PART**.

Whereas, the Borrower has intend to establish \_\_\_\_\_\_\_\_\_\_\_\_ unit at \_\_\_\_\_\_\_\_\_\_\_\_ to be run on sole proprietorship basis under the above name and style and for this purpose has approached and requested the Bank for grant of Term loan facility**.**

Whereas**, pursuant to the request of the borrower, the said bank has** \_\_\_\_\_\_\_\_\_\_\_\_ **Scheme** (A) TERM LOAN facility of **Rs**\_\_\_\_\_\_\_\_\_\_\_\_ **only for the purpose of establishment of** \_\_\_\_\_\_\_\_\_\_\_\_**at** \_\_\_\_\_\_\_\_\_\_\_\_and (B) **CASH CREDIT limit of Rs.** \_\_\_\_\_\_\_\_\_\_\_\_for a period of one year subject to renewal after review for meeting the working capital requirements *aggregating the total credit facilities TO* ***Rs***\_\_\_\_\_\_\_\_\_\_\_\_, on the various terms and conditions contained in the sanction letter; and

WHEREAS, the Borrower has agreed to execute this Loan Agreement evidencing the terms and conditions of said Aggregate loan facilities sanctioned by the Bank in favour of the Borrower.

# NOW THIS AGREEMENT WITNESSETH AS FOLLOWS

1. That the said AGGREGATE CREDIT FACILITIES of **Rs.** \_\_\_\_\_\_\_\_\_\_\_\_ **only** sanctioned by the Bank in favour of the said Borrower shall be secured by: -

(A) PRIMARY SECURITY:

(i) Hypothecation of *kinds* of **stocks/assets to be purchased, equipments/ fixed assets etc**, and assignment of book debts/receivables; AND

(ii) **Equitable Mortgage of land measuring 02 kanal along with proposed construction raised or to be raised on it falling under khasra No.** \_\_\_\_\_\_\_\_\_\_\_\_**min of khata No.** \_\_\_\_\_\_\_\_\_\_\_\_**& Khewat No.** \_\_\_\_\_\_\_\_\_\_\_\_**situated at** \_\_\_\_\_\_\_\_\_\_\_\_**leased out to Borrower by** \_\_\_\_\_\_\_\_\_\_\_\_**vide lease deed dated** \_\_\_\_\_\_\_\_\_\_\_\_ **read with Supplementary Lease Deed dated** \_\_\_\_\_\_\_\_\_\_\_\_**duly registered before sub Registrar concerned***.*

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2. That the Borrower has in consideration of the aforesaid AGGREGATE CREDIT FACILITIES of **Rs.** \_\_\_\_\_\_\_\_\_\_\_\_ availed or to be availed of by Borrower, in addition to this Loan Agreement, executed or agreed or arranged to execute below mentioned security documents in favour of the Bank to secure the repayment of the amount of advances by the Bank to the Borrower together with interest and other charges accruing thereon and the costs and expenses incurred by the Bank from time to time till the adjustment thereof.

1. D.P.NOTE for \_\_\_\_\_\_\_\_\_\_\_\_2) LETTER OF CONTINUITY FOR CASH CREDIT, 3) LETTER OF UNDERTAKING 4) DEED OF HYPOTHECATION 5) AFFIDAVIT 6) IRREVOCABLE GENERAL POWER OF ATTORNEY, 8) MEMORANDUM LETTER FOR DEPOSIT OF ORIGINAL LEASE DEEDS.

3. The Borrower further agrees to execute on the Bank’s demand *any fresh or further document/s* as advised or prescribed by the Bank at any time during the currency of the credit facility.

4. That the Borrower hereby confirms that all necessary formalities including the obtaining of license and other permission from various departments and authorities, of all and every particulars and statements contained in the aforesaid loan application and Government or otherwise for carrying on the aforesaid business by the Borrower has been completed and that the said license and permission so obtained by the Borrower are still valid and in force. The Borrower further confirms that the said license and permission shall be renewed in due course of time before their expiry.

5. That the Borrower hereby *confirms and warrants the correctness of every and all particulars and statements* contained in the Loan Application Form and undertakes to notify the Bank in writing of any change in such particulars or statements, however occurring immediately on the happening thereof.

6. That the Borrower has *not availed any loan or credit facility from any Bank or financial institution*, nor any proceedings, administrative, legal or otherwise are pending before any court or any other forum having jurisdiction against the Borrower in respect of any advances availed or any other whatsoever.

7. That the Borrower declares and assures that plant, machinery, stocks lying/to be lying from time to time, purchased/to be purchased and charged to the Bank as security by way of hypothecation is free from all prior charges, encumbrances, etc, and shall continue to remain UN-encumbered till full and final adjustment of the said Loan Accounts.

8. It is hereby further agreed that the Borrower shall not sell or exchange or give on lease or otherwise dispose off or create any charge by way of lien, hypothecation, pledge or mortgage or any other encumbrance upon any of the properties whether movable or immovable charged to the Bank. The Borrower further confirms not to do any act or thing or allow anything to be done with

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respect to such properties or part thereof that may affect the same or otherwise prejudice the security held by the Bank till such time the Borrower has not adjusted his said Loan accounts with the Bank:

*PROVIDED FURTHER* the Bank may however, at the request of the Borrower permit the Borrower to do so subject to the terms and conditions and stipulations as may be imposed by the Bank at the time.

9. That the Borrower shall keep and maintain a register giving all the particulars and details of the STOCKS and allied things thereto charged to the Bank as Security for the repayment of the said credit facilities and up-date the said register(s) from time to time and make the same available to the officer (s) of the Bank for an inspection.

10. The Borrower shall pay interest as prescribed by the Bank **per annum** WITH MONTHLY RESTS on the said term loan facility and on the cash credit limituntil the same is fully liquidated and shall be paid by the BORROWER as and when demanded by the BANK.

11. That the Borrower shall pay interest on all the advance(s) availed from the Bank at the rates prescribed by the Bank for such advance(s) and in case the government or the RBI withdraws or cancels the scheme under which the advance was allowed on a concession rate of interest, the Bank in that event, shall be entitled to charge interest at the usual/normal rates chargeable on such advance/s from time to time under rules.

12. That the Borrower will deposit/maintain the margin money of Rs.\_\_\_\_\_\_\_\_\_\_ for TERM LOAN, with the Bank and  **% on stocks and %**on Book Debts in case of Cash Credit facility.

13. That the amount of advances shall, wherever necessary, be disbursed by the Bank in a phased manner in accordance with the requirements of the Borrower to be determined by the Bank and after fulfillment of the necessary conditions applicable in this behalf:

*PROVIDED THAT* the Bank shall release the further payments in favour of the Borrower only on receipt of the progress report from the Borrower in respect of the satisfactory implementation of the project with sufficient evidence of the genuine requirement for release of the said further loan installments of loan.

14. The Borrower shall immediately at his own cost and expenses insure all the plant, machinery, stocks and other property and assets as *are of insurable nature* and hypothecated by the Borrower and mortgaged by the Mortgagor or any other person/s on his/its behalf in favour of the Bank as security for Loan facilities above mentioned sanctioned by the Bank in his favour, against all risks of fire, theft, break-down and damage and destruction by acts of mob-violence, strike or riots or earthquakes, floods and the like natural calamities or any other risk as may be required by the Bank in the joint names of the Borrower and the Bank with the Agreed Bank clauses, with some insurance company of repute to be approved by the Bank, for full market or book value of such property/ies whichever is higher, and deliver the insurance policies/cover notes, premium receipts, etc to the Bank. The insurance shall be affected in respect of properties in

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transit as well. In the event of the Borrower’s failure to the Bank to effect the insurance of the properties, moveable and immovable, whether in transit or otherwise, the Bank may at its sole discretion arrange to insure the said moveable and immovable properties of the Borrower charged to the Bank by way of hypothecation, pledge and /or mortgage etc, against the risk as aforesaid in the joint name of the parties concerned and debit the premium and other charges incurred for this purpose to the Borrower’s account. The Bank shall be entitled to call upon the Borrower to insure these properties against other risk and in case of the Borrower’s failure to do so, the Bank may at its sole discretion as arrange to insure the same against the risks and debit the costs and expenses of such insurance to the Borrower’s account without any further notices. The Borrower expressly agrees that the Bank shall be entitled to adjust towards the liquidation of the balance outstanding in the account or accounts aforesaid of the Borrower any claim received from the insurance company under or in connection with any policy or policies of insurance and such adjustment shall be valid discharge to the Insurance Company against any such payment/s in respect of the insurance policy/ies and the Borrower shall not be entitled to raise any question or dispute that a large sum might or ought to have been received and shall at no time dispute its liability for the repayment of the balance remaining unpaid on such accounts after the said credit/s.

16. That the Borrower shall during the currency of the said Loan facilities, at his own costs and expenses, keep all the plant, machinery, stocks and other properties hypothecated to the Bank as security for the said facility, in goods and proper working condition and regularly pay all the present and future rent, rates, taxes and cesses etc. in respect thereof immediately when they became due; and shall also pay all the electricity, municipal and other charges related to and connected therewith. In case the said properties or any part thereof are repaired or restored to its original conditions and to pay on demand any such charge, municipal or electric or any other charges related to and connected therewith. In case the Borrower fail/s to do so, the Bank shall be authorized, but not bound, to have the said properties or any part thereof repaired or restored to its original conditions and to pay on demand any such charges, municipal or electric or any other rents, taxes or cesses etc. All such moneys, premia, costs of repairs paid, and the payments of the electric, municipal and other taxes and charges made by the Bank shall be deemed to be an advance by the Bank to the Borrower and to be a charge upon such properties along with the principal moneys, interests and other charges as if they were a part thereof.

17. That the Borrower shall use the credit facilities exclusively for the purposes contained in the application form and continue to maintain sufficient financial interest in the business. The Borrower shall also pump in additional funds or assets, if necessary, and not withdraw r divert except with the Bank’s prior permission in writing.

18. That the Borrower shall maintain proper books of accounts and such other registers books and documents as may be under rules for time being in force required or as may be required by the Bank and have the said books of accounts, registers and related documents periodically audited by a duly qualified auditor and if required, allow the Bank, its officers, agents and nominees to inspect or audit such books of accounts, registers and documents at any time the Bank may direct and also take a copy thereof. The Borrower shall also submit the copies of its balance sheet and profit and loss accounts at regular intervals or at any time the Bank may direct.

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20. The Borrower shall carry on its entire banking business and exclusively deal with the Bank and shall not during the currency of the said credit facilities and during the indebtedness of the Borrower to the Bank in the said accounts or any other account deal with any other Bank except the express permission of the Bank It is further agreed that the Borrower shall not avail any credit facility or loan facility from any other Bank or financial institution except with the permission of the Bank.

21. That the Borrower shall not during the currency of the said credit facility change the constitution or structure of his business except with the Bank’s permission but shall, however, be bound to make all such changes forthwith as may be required by the Bank and on such terms as may be prescribed by the Bank.

22. That the Bank shall have a general lien and the right of set off all or any balance/s due to the Bank in respect of al or any account/s, upon or over all or any security/ies for the time being held by the Bank and all or any such security/ies amount/s or credit balance/s, in whatever from that may come into the hands of the Bank. And noting contained herein or any other documents executed by and between the Borrower and the Bank shall be construed to exclude the Bank’ general lien and/or the right of set off for any balance/s due to the Bank over and security for the time being held.

23. That the Borrower confirms and declares that the Bank shall be authorized to appropriate all or any payments made by the Borrower or received by the Bank for or on account of or in the name of the Borrower or received by the Bank for or on account of or in the name of the Borrower in the manner decided by the Bank notwithstanding anything contrary contained in the Contract Act or any other law for the time being in force or the agreement or any other documents/s executed by and between the Borrower and the Bank whether or not the recovery thereof had become due or time barred under any law of limitation for the time being in force.

24. That the Borrower shall immediately on demand made by the Bank hand-over possession of the Stocks/other assets hypothecated to the Bank and the Borrower declares and confirms that the Bank shall not be responsible for any loss or damages that may caused to the said Stocks/other assets hypothecated to the Bank in the course of delivery by the Borrower to the Bank or while the Stocks/other assets hypothecated to the Bank remain in possession or control of the Bank and that the same shall not in any manner, whatsoever, effect the right/s or security of the Bank in respect of the credit facility made or to be made by the Bank to the Borrower.

*25.* (A) The Borrower hereby agrees, undertakes and confirms to repay the said Term loan of **Rs.** \_\_\_\_\_\_\_\_\_\_\_\_by paying \_\_\_\_\_\_\_\_\_\_\_\_Equal Monthly Installments of **Rs.\_\_\_\_\_\_\_\_\_\_\_/- commence after a moratorium period of** \_\_\_\_\_\_\_\_\_\_\_\_ **months from the date of first disbursement**. That the Borrower further avgrees and confirms that in case there is a default in the payment of any one installment on the due date as per agreement as above, the agreement for payment of the amount of

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advance with interest and other charges in installments, shall stand terminated at the discretion of the Bank and the Bank shall be at liberty to demand the payment of the amount in lump and the Borrower shall be bound and liable to make the payment of the amount/s due and owing by it to the Bank immediately.

(B) That the CASH CREDIT facility will be a continuing facility for a period of one year only when the same shall be required to be renewed for any further period on such terms and conditions as may be imposed at the time of such renewal by the Bank. The account at the time of such renewal shall be brought to credit by the BORROWER unless otherwise permitted by the Bank.

(C) That NOTWITHSTANDING AFORESAID, the Borrower shall On Demand forthwith pay to the Bank any balance/s due and owing to the Bank in the said accounts in respect of the said credit facilities together with interest and other charges and expenses thereon due immediately as and when asked by the Bank.

26. That the Borrower hereby confirms and agrees that the securities created under this document executed by and between the Borrower and the Bank in respect of the said credit facilities and the undertaking herein contained shall operate as continuing security for all the money’s due and owing by the Borrower towards the Bank and for the ultimate and aggregate balance/s remaining due against the Borrower with interest, costs and other charges accruing thereon in said Loan Accounts.

27. It is also hereby agreed that all the legal and other expenses in connection with the preparation and execution of this Agreement and all the other documents including stamp duty and registration fee and conveyancing charges etc. and disbursal of the proposed loan facility shall be borne by the Borrower.

28. The Borrower hereby confirms and agrees that the Bank shall be within its rights to changes, amend or alter any of the terms and conditions *applicable to said advance facilities OR as contained in the relevant letter of sanction or any other documents* and the Borrower shall have no right to raise any dispute whatsoever with respect to such change, alteration or amendment.

29. It is further agreed that any notice by way of request, demand or otherwise meant to be given to the Borrower shall be deemed to have duly served upon the Borrower or has been delivered personally or left at the last recorded address with the Bank. However, a reasonable period which shall not in any case exceed seven days for service of the notice shall be allowed in case the same in sent.

30. That the Borrower hereby agrees and confirms that the Bank shall always be at liberty to assign the debit hereunder remaining due or the benefit of these presents and of all the other documents executed by the Borrower in favor of the Bank and the hypothecated goods/properties pertaining to the amount/s covered by this agreement to any other financial institution/s or Bank(s) or both and the Borrower doth hereby bound himself to execute and join in executing and doing such acts, deeds and do all such other things as may be necessary for the purposes or as the Bank or such other financial institution or Bank may require or prescribe for the effectuation of such assignments.

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31. That the Borrower understands that as a per-condition relating to the grant of loans/advances/other facilities to the Borrower, including the above mentioned AGGREGATE CREDIT FACILITIES OF **Rs.** \_\_\_\_\_\_\_\_\_\_\_\_ the Bank requires his consent for the disclosure of the information and data relating to the Borrower, the credit facilities availed/to be availed of by the Borrower, obligations assumed/to be assumed by the Borrower in relation to said credit facilities and default, if any, committed by the Borrower, in discharge thereof and the Borrower accordingly, hereby agrees and gives consent for the disclosure by the Bank of all or any such (a) information and data relating to the Borrower; (b) information or data relating to any such credit facilities availed of /to be availed of by the Borrower ;and (c) default, if any committed by the Borrower in discharge of their such obligation, as may deem appropriate and necessary to disclose and furnish to the credit information Bureau (India) Ltd. (CIBIL) and other agency authorized in this behalf, and the Borrower declares that the information and data finished by the Borrower to the Bank are true and correct.

32. That the Borrower further understands that (a) the CIBIL and any other agency so authorized may use and process the said information and data to be disclosed by the Bank in the manner as deemed it and proper by them and (b) the CIBIL and my other agency so authorized may furnish for consideration the processed information and data or products thereof prepared by them to other Bank/financial institution and other credit grantors or registered users, as may be specified by RBI in this behalf.

33. That the Borrower hereby agrees to pay on demand the cost & expenses incurred by the bank for conducting the Annual Stock Audit of the Hypothecated book debts. In case the Borrower fails to pay the cost & expenses of the Annual Stock Audit, The Bank shall been titled to recover the same by debiting to the said loan account or any other account maintained by the borrower with the bank.

34. **That the Borrower/s hereby agree/s as a pre-condition of the loan given to him/them by your Bank that in case, the said Borrower/s COMMITS DEFAULT in the repayment of the loan or in the repayment of the interest thereon or any other agreed installment of the loan on due date/s, the bank shall be entitled to recover the entire balance outstanding against the borrower/s immediately without serving any prior notice to him/them in the manner as may be deemed fit by the Bank.**

In Witness whereof, the parties hereto have set their hands unto this loan Agreement on the day, month and the year first hereinabove written.

### WITNESSES

1.

For self and on behalf of

**M/s** \_\_\_\_\_\_\_\_\_\_\_\_

2.

\_\_\_\_\_\_\_\_\_\_\_\_

**(SOLE PROPREITOR)**

FOR THE BANK