###### LOAN AGREEMENT

This LOAN AGREEMENT is executed today on \_\_\_\_\_\_\_\_\_\_\_\_ at \_\_\_\_\_\_\_\_\_\_\_\_, by \_\_\_\_\_\_\_\_\_\_\_\_**,** as sole proprietor of **M/s** \_\_\_\_\_\_\_\_\_\_\_\_**,** “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 loan account 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 intends to setup\_\_\_\_\_\_\_\_\_\_\_\_ under the above named and style and for this purpose has approached and requested the bank for grant of financial assistance**.**

Whereas, pursuant to the request of the borrower, the said bank has vide Sanction Letter \_\_\_\_\_\_\_\_\_\_\_\_**,** agreed to Sanction a **Term Loan Facility of Rs.** \_\_\_\_\_\_\_\_\_\_\_\_ **(Rupees** \_\_\_\_\_\_\_\_\_\_\_\_**) only**, for the above said purpose i e **setting up of** \_\_\_\_\_\_\_\_\_\_\_\_; and;

Whereas, the Borrower has agreed to execute this loan agreement evidencing the terms and conditions governing the grant of loan facility above mentioned sanctioned by the bank in favour of the said Borrower.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS: -

1. That the Bank has at the request and in favour of the Borrower sanctioned a Fresh Term Loan facility of **Rs.** \_\_\_\_\_\_\_\_\_\_\_\_ **(Rupees** \_\_\_\_\_\_\_\_\_\_\_\_**)** only on the terms and conditions stipulated in the sanction letter referred to above and also the ones hereinafter appearing and also in the related documents.

2. That the said Term Loan facility sanctioned by the bank in favour of the Borrower shall be secured as under: -

**(a) Primary Securities:**

**i**) by way of hypothecation of all kinds of present and future project assets, moveable assets viz plant and machinery and all other Misc, Fixed assets likely to be created which are estimated at Rs. \_\_\_\_\_\_\_\_\_\_\_\_ lac and assignment of Bookdebts.

(ii) Lease Hold Rights of land measuring \_\_\_\_\_\_\_\_\_\_\_\_kanals “alongwith free hold structures raised/to be raised thereon”, situated \_\_\_\_\_\_\_\_\_\_\_\_ leased out M/s \_\_\_\_\_\_\_\_\_\_\_\_ through its proprietor \_\_\_\_\_\_\_\_\_\_\_\_vide Lease Deed Dated: \_\_\_\_\_\_\_\_\_\_\_\_registered by the Sub-registrar \_\_\_\_\_\_\_\_\_\_\_\_on \_\_\_\_\_\_\_\_\_\_\_\_.

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Collateral Securities

(i) Extension Charge on Land measuring \_\_\_\_\_\_\_\_\_\_\_\_kanals, falling under Survey No. \_\_\_\_\_\_\_\_\_\_\_\_of Khata No. \_\_\_\_\_\_\_\_\_\_\_\_and Khewat No. \_\_\_\_\_\_\_\_\_\_\_\_situated at \_\_\_\_\_\_\_\_\_\_\_\_belonging to \_\_\_\_\_\_\_\_\_\_\_\_ already charged.

(ii) Extension Charge on Land measuring \_\_\_\_\_\_\_\_\_\_\_\_Sq. feet, alongwith residential house thereonm falling under Survey No. \_\_\_\_\_\_\_\_\_\_\_\_min of Khata No. \_\_\_\_\_\_\_\_\_\_\_\_& Khewat No. \_\_\_\_\_\_\_\_\_\_\_\_situated at \_\_\_\_\_\_\_\_\_\_\_\_belonging to \_\_\_\_\_\_\_\_\_\_\_\_already charged \_\_\_\_\_\_\_\_\_\_\_\_

(iii) Extension Charge on Land measuring \_\_\_\_\_\_\_\_\_\_\_\_kanals & \_\_\_\_\_\_\_\_\_\_\_\_Sirsai , falling under Survey No. \_\_\_\_\_\_\_\_\_\_\_\_min (\_\_\_\_\_\_\_\_\_\_\_\_) of Khata No. \_\_\_\_\_\_\_\_\_\_\_\_& Khewat No. \_\_\_\_\_\_\_\_\_\_\_\_, Survey No. \_\_\_\_\_\_\_\_\_\_\_\_min (\_\_\_\_\_\_\_\_\_\_\_\_Kanals & \_\_\_\_\_\_\_\_\_\_\_\_Marlas) of Khata No. \_\_\_\_\_\_\_\_\_\_\_\_and Khewat No. \_\_\_\_\_\_\_\_\_\_\_\_, Survey No. \_\_\_\_\_\_\_\_\_\_\_\_min (\_\_\_\_\_\_\_\_\_\_\_\_Marlas & \_\_\_\_\_\_\_\_\_\_\_\_Sirsai) of Khata No. \_\_\_\_\_\_\_\_\_\_\_\_& Khewat No. \_\_\_\_\_\_\_\_\_\_\_\_situated at \_\_\_\_\_\_\_\_\_\_\_\_ belonging to \_\_\_\_\_\_\_\_\_\_\_\_ already charged against \_\_\_\_\_\_\_\_\_\_\_\_

3. That the Borrower has in consideration of the aforesaid Credit facility availed or to be availed by borrower in addition to this loan Agreement, executed or agreed or arranged to execute all kinds of necessary below mentioned security documents in favour of the bank to secure the repayment of the said advance by the bank to the Borrower together with interest and other charges accruing thereon and the costs and expenses incurred the bank from time to time till the adjust thereof.

1) Letter of undertaking, 2) Deed of Hypothecation, 3) Affidavit (2nos), 4) Irrevocable Power of Attorney 5) Deed of Simple Mortgage as Primary security or Memorandum Cum Re Confirmation letter for deposit of Original lease deed cum title deeds 6) Deed of Guarantee and 7) Corporate Guarantee.

4. The Borrower further agrees to execute on the bank’s demand any fresh or further documents as advised or prescribed by the bank at any time during the currency of the credit facility.

5. That the Borrower hereby agrees and confirms that the bank shall have the sole and absolute discretion to allow the Borrower all or some or any of the credit facility aforementioned by way of loan facility from time to time. It is further agreed that the Bank shall not be bound to continue, extend or enhance any of the said credit facility except at its absolute discretion and that the bank shall be entitled to decide as to the continuance or reduction in the limit of the said credit facility.

6. That the Borrower hereby confirms that all the 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 have been completed and that such 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.

7. That the Borrower hereby confirms and warrants the correctness undertakes to notify the bank in writing of any change in such particulars or statements, however occurring immediately on the happening thereof.

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8. 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 matter whatsoever.

9. That the Borrower declare and assure that all the moveable and immoveable properties and plant and machinery stocks in trade, raw material, finished and semi finished goods and the book debts and all other assets charged to the bank as security by way of mortgage or hypothecation, pledge etc. except the one notified by the Borrower in writing to the bank and the Borrower hereby further assure that the property moveable and immoveable and the stocks in trade, raw material, finished and semi finished goods and book debts and all other assets to be given as security to the bank for any existing credit facility and/or any further facility proposed to be granted by the bank to the Borrower shall also be free from any charge, lien or encumbrances, whatsoever.

10. It is hereby further agreed that the BORROWER shall not give on lease or otherwise create any further charge by way of lien, hypothecation, pledge or mortgage or any other encumbrance upon any of the property, moveable and immovable, goods, charged to 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.

11. The Borrower shall pay interest on the Term Loan limit at the rate **of** \_\_\_\_\_\_\_\_\_\_\_\_ **(presently** \_\_\_\_\_\_\_\_\_\_\_\_**%)** per annum or such other rates as may be prescribed by the bank from time to time at its sole discretion with monthly rests from time to time.

12. That the Borrower shall keep and maintain a register giving all the particulars and details of the properties, moveable and immoveable, stocks in trade, goods, finished and semi finished and raw material book-debts and other assets of hypothecated/pledged/mortgaged or otherwise charged to the bank as a security for the repayment of the credit facility/ies and updated the said register(s) from time to time and make the same available to the officer(s) of the Bank for an inspection.

13. That the Borrower shall pay interest on all the advance(s) availed from the bank at the rates prescribed by the bank for the such advance(s) and in case the Government of 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.

14. That the Borrower shall always maintain margin to the extent of \_\_\_\_\_% on stock/assets & \_\_\_\_\_\_ % on bookdebts in respect of the credit facility availed or to be availed from the bank: -

Provided further that the Borrower shall wherever necessary provided further goods, moveable, stocks, assets and other security/ies (approved by the Bank) to restore and maintain such margins or in the alternative further deposit with the Bank the amount equivalent to make up for the deficiency in the margin.

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15. That the amount of advance 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 the 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.

16. The Borrower shall immediately at his own cost and expenses insure all the stocks/assets etc moveable and immoveable properties as are of insurable nature and hypothecated/mortgaged or to hypothecated /mortgaged by the Borrower or any other person/s on his/its behalf in favour of the Bank as security for the credit facilities above mentioned sanctioned by the bank in its/his/their 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 transit as well. In the event of the Borrower’s failure to effect such insurance of the properties, moveable and immoveable, whether in transit or otherwise, the bank may at its sole discretion arrange to insure the said moveable and immoveable 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 names 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 said risks and debit the costs and expenses of such insurance to the Borrower’s account without any further notice. The Borrower expressly agree 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.

1. That the Borrower shall during the currency of the credit facility/ies at his/their/its own costs and expenses keep, all the stocks/assets etc and moveable and immoveable properties including goods, stocks machineries and other assets hypothecated /pledged/mortgaged to the bank as security for the said facilities, in good and proper working condition and regularly pay all the present and future rent, rates, taxes and cases etc. in respect thereof immediately when they become 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 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

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authorized, but not bond, 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 cases 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 be a charge upon such properties alongwith the principal moneys, interests and other charges as if they were a part thereof.

18. That the Borrower shall use the credit facility/ies 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 or divert except with the Bank’s prior permission in writing.

19. That the Borrower shall maintain proper books of accounts and such other registers books and documents as may be under law and rules for the 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.

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 account or any other account deal with any other bank except with the express permission of the Bank. It id further agreed that the Borrower shall not avail any credit facility of loan facility from any other bank or financial institution except with the express permission of the Bank.

1. That the Borrower shall make long term arrangements for raw material as may be required for the smooth conduct of its business. The Borrower shall not at any time be entitled to say that it could not carry on his/it business due to the shortage of raw material or non-availability of the market.

22. That the Borrower shall not during the currency of the credit facility change the constitution or structure 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.

23. That the Borrower shall at all times and always restrict the withdrawals to the specified/ fix drawing limits with respect to a particular facility and never expect exceed such limit. The Bank may, however, at any time for a specified time at the specific request of the Borrower but at its absolute direction allow drawing beyond the fixed limit. In that case all the rights and securities created in favour of the bank under these or any other presents shall ipsofacto extend to cover the said drawing in the limit. The Bank shall however, at any time be entitled to, without notice, call upon the Borrower to repay such excess drawings.

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24. That the Bank shall have a general lien and the right of the set off for all or any balance/s due to the bank in respect of all or any account 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, in whatever from that may come into the hands of the bank. And nothing contained herein or any other documents executed by and between the Borrower and the bank shall be construed to exclude the bank’s general lien and/or the right of set off for any balance/s due to the bank over any security for the time being held.

25. That the Borrower hereby agrees and confirms that the Bank will not have or incur any liability with respect to the quality, quantity or condition of goods or stocks or other assets which may have, for one reason or the other, or pursuant to any action by the bank taken in exercise of any of its rights under the Agreement or any other documents, come into the Bank’s possession and the Borrower hereby confirm and undertake/s to indemnify and keep the Bank indemnified at all times against all or any actions, suits, claims, proceedings and demands whatsoever that may be made at any time hereafter by any person whosoever on his own behalf or on behalf of any other person claiming under him.

26. 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 document/s executed by and between the Borrower and the Bank whether or not the recovery thereof has become due or time barred under any law of limitation for the time being in force.

27. That the Borrower shall immediately on demand made by the Bank handover possession of the goods, stocks or other moveable 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 be caused to the said goods, stocks or other moveable assets in the coarse of delivery by the Borrower to the bank or while the said goods, stocks, or other moveable assets 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/ies made or to be made by the Bank to the Borrower.

28. The Borrower hereby agrees, undertakes and confirms to repay the amounts of advance with interest thereon at the stipulated rates mentioned in clause 13 hereinabove, as under:-

a). That the Term Loan facility will be a continuing facility for a period of one year 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 the credit by the Borrower unless otherwise permitted by the Bank. The Borrower shall, however on demand forthwith pay to the Bank the balance or the balances due and owing to the Bank in any of the Borrower account or accounts in respect of the credit facility together with interest and other charges and expenses thereon due.

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b). That as regards the loan facility granted by the bank, the Borrower shall repay the amount of the principal with interest, costs and other charges and expenses due to the Bank in the following manner:-

c). That the Borrower further agrees and confirms that in case there is default in the payment of any one installment on the due date as per agreement as above, the agreement for the payment of the amount of 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.

29. That the Borrower hereby confirms and agrees that the securities created under the documents executed by and between the Borrower and the Bank in respect of the 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 and the said account/s is not to be considered closed for the purpose of such security and/or undertaking and the said security and/or undertaking is not to be considered exhausted merely by reason of the said account/s being closed and fresh account/s being opened in respect of fresh credit facility/ies either or any of such accounts being brought to credit at any time or from time to time or any partial payments made thereto or any fluctuations of such account(s) the account/s shall be continued under this Agreement upon the security/ies given.

30. That the Borrower hereby agrees and confirms that the Bank shall without prejudice to any other remedy as may be available to it under law, in pursuance of any payment made in respect of any letter of credit inland or foreign opened on behalf of the Borrower be authorized and entitled to debit the said amount with interest and other charges to any account of the Borrower opened or to be opened with the Bank and all the amount/s so debited, less margin if any shall also be charged with interest and the charges as applicable to the said account as per clause above.

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

32. The Borrower hereby confirms and agree(s) that the Bank shall be within its rights to change, amend or alter any of the terms and conditions contained in the letter of sanction bearing above mentioned or any other documents and the Borrower shall have no right to raise any dispute whatsoever with respect to such change, alteration or amendment.

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33. It is further agreed that were the Borrower be more than one individual, all shall be bound hereby jointly and severally and the Borrower shall be bound notwithstanding any change in the constitution or style thereof whether by death, retirement, insolvency or otherwise and whether the Borrower shall consist of one or be reduced to one individual. Any notice by way of request, demand or otherwise meant to be given to the Borrower shall be deemed to have been duly served upon the Borrower if sent by Registered post on the last known address of the Borrower or any of the Individuals constituting 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 exceeded seven days for service of the notice shall be allowed in case the same is sent.

34. That the Borrower hereby agrees and confirm(s) 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 favour of the Bank and the hypothecated /mortgaged 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 itself/themselves to execute and join in executing and doing such acts, deeds and do all such other things as may be necessary for the purpose or as the bank or such other financial institution or Bank may require or prescribe for the effectuation of such assignment.

35. That a pre-condition relating to the grant of loans/advances/other facilities to him, including the above-mentioned Term Loan facility to the tune of **Rs.** \_\_\_\_\_\_\_\_\_\_\_\_**,** the Bank requires his consent for the disclosure of the information and data relating to him, the credit facility/ies availed/to be availed of by him, obligations assumed/to be assumed by him in relation to said credit facility/ies and default, if any, committed by him, 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 other credit facilities availed of/to be availed of by the BORROWER; and (c) default, if any, committed by the BORROWER in discharge of his such obligations, as the Bank may deem appropriate and necessary to disclose and furnish to the credit information Bureau (India) Ltd.(CIBIL)and any other agency authorized in this behalf, and the BORROWER declares that the information and data furnished by him to the Bank are true and correct.

36. 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 fit and proper by him and (b) the CIBIL and any 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.

37. That *the Borrower hereby further agrees, that the averments/terms and conditions contained in this Loan agreement* and other security documents are fully understood by him and are true and correct to the best of his knowledge and behalf.

38. That the borrower hereby undertakes to pay the costs & expenses incurred by the bank for conducting the Annual Stock Audit of the Hypothecated assets. In case of his failure to pay the same, the Bank shall be entitled to recover the same by debiting to his said loan account or any other account maintained by him with your bank.

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**39. 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 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 Borrower has set his hands unto this loan Agreement on the date, month and the year first hereinabove written at **Srinagar**.

WITNESSES:

1.

For self and on behalf of

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

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

**(Sole Proprietor)**

2.

*FOR THE BANK*