##### LOAN AGREEMENT

This LOAN AGREEMENT is made and executed today on **…………………**, at …………………. , by **……………….. Son of ………………. R/o ………………….., as Sole** Proprietor of **M/s A…………………………….., “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) with its corporate Headquarters at M.A. Road, Srinagar and Business Unit at  **……………..**, or any other business unit where the 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 carrying on the supplier business of building material etc run by him under the above name and style and for **…………………………** approached and requested the Bank for grant of working capital limit for meeting the requirement of his said business on regular basis:

Whereas pursuant to the request of the Borrower, the said bank has opened/agreed to open in its account books in the name of the BORROWER a CASH CREDIT account of **Rs……….. Lac (Rupees …………….. lacs)** only for a period of **one year** subject to renewal after annual review of conduct and performance of the account with the BANK, on the terms and conditions applicable to such advances under the Rules of the Bank and also the ones appearing hereinbelow:-

### NOW THIS AGREEMENT WITNESS AS FOLLOWS

1. That the said CASH CREDIT LIMIT of **Rs…………… Lac** (**Rupees …………………. lacs)** only, sanctioned by the Bank in favour of the BORROWER shall be secured as under: -

(**A**) Primary Security

Hypothecation of **………………………….. etc** and assignment of Bookdebts.

(**B**) Collateral Security:

By way of Equitable Mortgage of an Immovable property comprising of **a ………………………………………………………. AT …………………………**, “hereafter called as Mortgage propety” standing in the name of borrower; and third party Guarantee of two persons.

2. That the BORROWER has in consideration of the aforesaid Credit facility availed or to be availed by the BORROWER*, in addition to this Loan Agreement*, executed or agreed or arranged to execute the below mentioned security documents in favour of Bank to secure the repayment of the amount of 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.

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*1) D.P. Note 2) Letter of continuity, 3) Letter of undertaking, 4) Deed of Hypothecation, 5) Affidavit, 6) Irrevocable General Power of Attorney, 7) memorandum letter for deposit of title deeds &8) Deed of Guarantee.*

3. That the BORROWER further agrees to execute on the BANK’ demand any fresh or further document/s as advised or prescribed by the BANK at any time during the currency of credit facility.

4. That the BORROWER hereby agrees and confirms that the BANK shall have the sole and absolute discretion to allow the BORROWER the whole or any part 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 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 said credit facility.

5. That the BORROWER hereby confirms that all the necessary formalities including the obtaining the license and other permission from the various departments and authorities of government or otherwise for carrying on 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 its expiry.

6. That the BORROWER hereby confirms and warrants the correctness of all and every particular 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.

7. That the BORROWER declares and assures that all the immovable properties and stocks, plant, machinery, raw material in trade and all other assets charged to the BANK as security by way of mortgage or hypothecation are free from all prior charges, encumbrances, etc, and the BORROWER hereby further assures that the property moveable or immovable and the stock in trade and all other assets to be given further 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

9. 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 imposed by the bank at the time.

9. 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.

10. That the BORROWER shall keep and maintain a register giving all the particulars and details of the properties, moveable and immovable, stocks in trade and other assets of

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hypothecated/mortgaged or otherwise charged to the BANK as security for the repayment of credit facility 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.

11. That BORROWER shall pay interest as prescribed by the bank **per annum with monthly rests o**n such type of facility 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 BORROWER shall immediately at his own cost and expenses insure all the moveable and immovable properties as are of insurable nature and hypothecated /mortgaged or to be hypothecated /mortgaged by the BORROWER or any other person/s on his behalf in favour of the BANK as security for the credit 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 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.

13. This insurance shall be effected in respect of properties in transit as well. In the event of the BORROWER’ failure to effect such 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 and/or mortgage etc, against the risk as aforesaid in the joint names of the parties concerned and the debit the premium and other charges incurred for this purpose to the BORROWER’ account. The BANK shall be entitled to call upon the BORROWER to insure these properties against other risks and debits the costs and expenses of such insurance to the BORROWER’ account without any further notice. 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.

14. 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 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. That the BORROWER shall during the currency of the credit facility at his own costs and expenses keep, all the moveable and immovable properties including goods, stock and other

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assets hypothecated/mortgaged to the BANK as security for the said facilities, 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 the 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 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 fails 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 facility exclusively for the purposes contained in the Loan 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’ 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.

19. The BORROWER shall carry on his entire banking business and exclusively deal with the BANK and shall not during the currency of the said credit facility and during the indebtedness of the BORROWER to the BANK in the said account 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.

20. That the BORROWER shall make long term arrangements for a regular supply of stocks 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 the stocks/goods or non-availability of the market

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’ 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 BORROWER shall at all time and always restricts the withdrawals to the specified/fixed drawing limits with respect to said CASH CREDIT LIMIT and never 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 discretion 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

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ipsofacto extend to cover the said over-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.

23. That the Bank shall have the rights of general lien and set off against all or any balance/s due to the Bank in respect of all or any account/s of the Borrower, upon or over all or any security/ies for the time being held by the Bank or which may come in possession of 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 nothingcontainedherein 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 be due to the Bank in any account of the Borrower on any security and/or account for the time being held/to be held any time in future. Furthermore, the Bank shall be fully empowered to combine and consolidate all accounts of the Borrower with liabilities in present or any future loan of the Borrower, *without serving any prior notice upon the Borrower*, for setting off any/all balances therein towards adjustment of such loan account/s lying with the Bank.

24. 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’ possession and the BORROWER hereby confirms and undertakes 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.

25. 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.

26. That the BORROWER shall immediately on demand made by the BANK hand-over 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 caused to the said goods, stocks or other moveable assets in the course 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.

27. The BORROWER hereby agrees, undertakes and confirms to repay the amounts of advance with interest thereon at the stipulated rates mentioned in clause (11) herein-above, as under: -

That the CASH CREDIT LIMIT 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 credit by the BORROWER unless otherwise permitted by the BANK The BORROWER shall, however, On Demand forthwith pay to the balance on balances due and

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awing to the BANK in the said account in respect of the CASH CREDIT LIMIT, together with interest and other charges and expenses thereon due immediately.

28. 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 facility 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 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 being closed and fresh account being opened in respect of fresh credit facility 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, the account shall be continued under this Agreement upon the security/ies given.

29. 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.

30. 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 the said Cash Credit loan or otherwise contained under any the security documents and the BORROWER shall have no right to raise any dispute whatsoever with respect to such change, alteration or amendment.

31. 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/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 hereby binds 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.

32. 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 CASH CREDIT LIMIT to the tune of **Rs………………. Lac** only allowed in favour of the BORROWER, the BANK requires his consent for the disclosure of the information and data relating to the BORROWER, the credit facilities availed/to 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 any 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 his such obligation, as the BANK 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 furnished by the BORROWER to the BANK as true and correct.

33. 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 him and (b) the CIBIL and my other agency so authorized

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may furnish for consideration the processed information and data or products thereof prepared by him to other BANK/financial institution and other credit grantors or registered users, as may be specified by RBI in this behalf.

34. It is further agreed that the BORROWER shall be bound notwithstanding any change in his the constitution or style of his business in any manner whatsoever. 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 individual 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 exceeds seven days for the service of the notice shall be allowed in that case the same is sent.

35. That the Borrower hereby undertakes to pay on demand the cost & expenses incurred by the bank for conducting the Annual Stock Audit of the Hypothecated stocks including 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.

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

WITNESSES

1.

For self and on behalf of

**M/s …………….,**

**……………………….**

**2.**

**NAME**

**Son of …………….**

**R/o ………………………………..**

(SOLE PROPRIETOR)

FOR THE BANK