

LOAN AGREEMENT

THIS AGREEMENT made this ____day of _____, 200_ at _____, between _____, a Company within the meaning of the Companies Act, 1956 and having its Regd Office at _____, in the State of _____ (hereinafter referred to as "**the Borrower**" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns).

AND

_____, a Company within the meaning of Companies Act, 1956 (1 of 1956) and having its Registered Office at _____ (hereinafter referred to as "**the Lenders**" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns)

ARTICLE-I

DEFINITIONS

1.1 The following terms shall have the following meanings :-

- (a) 'General Conditions' means the GENERAL CONDITIONS APPLICABLE TO ASSISTANCE PROVIDED BY FINANCIAL INSTITUTIONS.
- (b) 'Project' means the project to be financed as described in Schedule II hereto.
- (c) 'Financing Plan' means the financing plan as described in Schedule III hereto.

1.2 GENERAL CONDITIONS:

The Loan hereby agreed to be granted by the Lenders shall be subject to the Borrower complying with the terms and conditions set out herein and also in the General Conditions a copy of which is annexed hereto. The General Conditions shall be deemed to form part of this Agreement and shall be read as if they are specifically incorporated herein.

ARTICLE-II

AGREEMENT AND TERMS OF LOAN

2.1 AMOUNT AND TERMS OF LOAN:

The Borrower agrees to borrow from the Lenders and the Lenders agree to lend to the Borrower, on the terms and conditions contained herein as also in the General Conditions, the sum mentioned against its name in Schedule-I amounting to Rs. _____ Lakhs. The said sum is hereinafter referred to as '**the Loan**'.

2.2 INTEREST

- i) The Borrower shall pay to the Lenders interest on the principal amounts of the Loan outstanding from time to time monthly on ____ of each month at the rate set out in Schedule-IV hereto.

ADDITIONAL INTEREST

- i) Disbursements made pending creation of final security as stipulated in Article III shall, carry further interest at the rate of 1.00 % per annum till creation of such security.

2.3 UP-FRONT FEE/APPRAISAL FEES & LEGAL CHARGES :

- i) The Borrower shall pay to the Lenders Up-Front Fee/ Appraisal Fees @ ____% on the Loan amount on/or before execution of these presents. Besides, the Borrower shall also pay Legal Fee @ ____% of the Loan amount, subject to a maximum of Rs. _____lakh, before or at the time of signing of these presents.

2.4 LAST DATE OF WITHDRAWAL:

Unless the Lenders otherwise agree the right to make drawals from the Loan shall cease in _____.

2.4 IMPOSTS, COSTS AND CHARGES:

- i) The Borrower shall, during the currency of the Loan bear all such imposts, duties and taxes including interest and other taxes, (if any) as may be levied from time to time by the Government or other authority with the sanction of law pertaining to or in respect of the Loan.
- ii) The Borrower shall pay all other costs, charges and expenses (including cost of investigation of title to the Borrower's properties and protection of the Lender's interest and/or for creation of mortgage in favour of other Lenders/Banks either by way of first pari-passu charge or second charge) in any way incurred by the Lenders and such additional stamp duty, other duties, taxes, charges and other penalties if and when the Borrower is required to pay according to the laws for the time being in force in the State in which its properties are situated or otherwise;
- iii) In the event of the Borrower, failing to pay the monies referred to in sub-clause (i) and (ii), the Lenders will be at a liberty (but shall not be obliged) to pay the same. The Borrower shall reimburse all sums paid by the Lenders in accordance with the provisions contained in Section 4.12 of the General Conditions.
- iv) The Borrower shall not, without prior approval of the Lenders and its Board of Directors, grant to its subsidiary companies and/or sister concerns/ associates interest free loan or loans at a rate lower than the rate at which the Borrower has availed the loan/loans herein from the Lenders.

2.5 REPAYMENT

The Borrower undertakes to repay the principal amounts of the Loan in accordance with the Amortization Schedule set forth in Schedule V hereto.

2.5A PAYMENT TO BE MADE TO LENDERS:

Notwithstanding anything contained in the Agreement and/or the General Conditions in regard to payment of monies, all monies payable by the Borrower to the Lenders under this Agreement shall be payable to the respective Lenders at the place/s and in the manner/s so intimated by them, instead of to the Lead Institution.

2.6 CONVERSION RIGHT

(i) The Lenders shall have the right to convert (which right is hereinafter referred to as the conversion right) at its option a part of the Loan not exceeding Rs _____ lakhs in the aggregate more particularly set out hereunder into _____ Lakhs fully paid-up equity shares of the Borrower at par/at Rs _____ per share of Rs _____ fully paid-up in the manner specified in a notice in writing to be given by the Lenders to the Borrower (which notice is hereinafter referred to as the notice of conversion) prior to the date on which the conversion is to take effect which date shall be specified in the notice of conversion (hereinafter referred to as the 'date of conversion').

PARTICULARS OF CONVERSION

Names of the Lenders	Amount to be converted	Entitlement to no. of fully paid equity shares on conversion	Period of conversion
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On receipt of the notice of conversion the Borrower shall, under written advice to the Lenders allot and issue the requisite number of fully paid up equity shares to the Lenders as from the date of conversion and the Lenders shall accept the same in satisfaction of the principal amounts of the Loan to the extent so converted. The part of the Loan so converted shall cease to carry interest as from the date of conversion and the Loan shall stand correspondingly reduced. Upon such conversion, the instalment(s) of the Loan payable after the date of conversion as per Schedule-V hereto shall stand reduced proportionately by the amount of the Loan so converted. The equity shares so allotted and issued to the Lenders shall carry from the date of conversion the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Borrower. Save as aforesaid, the said equity shares shall rank pari passu with the then existing equity shares of the Borrower in all respects. The Borrower shall at all times, maintain sufficient un issued equity shares for the above purpose.

(ii) The conversion right reserved as aforesaid may be exercised by the Lenders on one or more occasions during the period of conversion as set out above or during the currency of the Loan as hereinafter stated.

(iii) The conversion right reserved as aforesaid shall be so exercised that the aggregate holding in the equity share capital of the Borrower by the public financial institutions (as defined in Sec.4A of the Companies Act,1956), nationalised banks (genuine investments), Central

Government, State Governments, Government companies and other corporations owned or controlled by the Government, after the exercise of the conversion right, shall not exceed 26%/40% of the total equity share capital of the Borrower.

(iv) Notwithstanding anything contained in the aforesaid clauses, such conversion right may also be exercised by the Lenders at any time during the period of the Loan remain out standing, in any of the following events, namely;

a) The Borrower commits a default in payment or repayment of three consecutive installments of principal or interest or any combination thereof.

For the purpose of this sub-clause, it shall not be construed as a default, if the Borrower approaches the Lead Institution well in advance for postponement of principal or interest, as the case may be, and the Lenders agree to the same.

b) The affairs of the Borrower pertaining to the Project are, in the opinion of the Lenders, being mismanaged in a manner which is likely to affect prejudiciously the interest of Lenders.

c) The Borrower for reasons which in the opinion of the Lenders are not beyond its control closes down or is forced to close down its operations for a continuous period of three calender months.

The opinion of the Lenders referred to in sub-clause (b) & (c) shall be final and binding on the Borrower.

(v) If at any time before the last date on which the conversion right reserved to the Lenders can be exercised in full, the Borrower issues bonus or rights shares in any proportion, then, the Lenders shall be entitled to be allotted such further equity shares in the same proportion and in the same manner as the Lenders would have been eligible for, had the Lenders exercised the aforesaid conversion right in full before such issue of bonus or rights shares. The Borrower shall pass requisite resolutions in terms of Section 81(1-A) of the Companies Act, 1956 to enable it to issue to the Lenders such bonus or rights shares at such time and in such form as may be required by the Lenders.

(vi) The Bonus or Rights shares shall be so issued and reserved for allotment by the Borrower and the amount thereof determined after taking into account the entitlement referred to in sub clause(v) hereof.

(vii) The Borrower shall not repay the Loan or any part thereof, before the due date except with the prior written approval of the Lenders on such terms and conditions as may be stipulated by the Lenders.

(viii) Unless the Lenders otherwise agree the Borrower shall not until the conversion right reserved to the Lenders is exercised in full or has lapsed.

- (a) raise or increase its share capital;
- (b) modify in any way the rights attached to its share capital of any class;
- (c) consolidate or sub-divide any equity shares (except with proper adjustments to the basis of conversion);
- (d) reduce its share capital or any shares premium account;
- (e) grant any option to subscribe for shares in its equity capital or any right to convert any obligation into such capital to persons other than the Public Financial Institutions as defined in Section 4A of the Companies Act, 1956;
- (f) issue any bonus shares by capitalising its undistributed profits or reserves.

(ix) The Borrower confirms that its equity shares are listed with _____ Stock Exchange(s) for official dealings and the Borrower further assures and undertakes that in the event of the Lenders exercising the right of conversion as aforesaid, the Borrower shall get the equity shares, which will be issued to the Lenders as a result of conversion, listed with the said Stock Exchange(s).

OR

The Borrower undertakes to get its existing equity shares listed with such recognised Stock Exchange(s) within such period as may be stipulated by the Lenders but in any case six months in advance of the commencement of the period during which the conversion right of the Lenders first becomes exercisable and the Borrower further assures and undertakes that in the event of the Lenders exercising the right of conversion as aforesaid, the Borrower shall get the equity shares which will be issued to the Lenders as a result of the conversion listed with the said Stock Exchanges(s).

2.6 CONVERSION RIGHT IN CASE OF DEFAULT OR MISMANAGEMENT:

- (i)(a) If the Borrower commits a default in payment or repayment of three consecutive instalments of principal amounts of the Loan or interest thereon or any combination thereof; or

- (b) the affairs of the borrower pertaining to the project are, in the opinion of the lead institution/lenders, being mismanaged in a manner which is likely to affect prejudicially the interest of the Lenders;

then the Lenders shall have the right to convert (which right is hereinafter referred to as "the conversion right") at its option the whole of the outstanding amount of the Loan or a part not exceeding 20% of the Loan, whichever is lower, into fully paid-up equity shares of the Borrower, at par, in the manner specified in a notice in writing to be given by the Lenders to the Borrower (which notice is hereinafter referred to as "notice of conversion") prior to the date on which the conversion is to take effect which date shall be specified in the said notice of conversion (hereinafter referred to as the "date of conversion").

- (ii) On receipt of the notice of conversion, the Borrower shall under written advice to the Lenders allot and issue the requisite number of fully paid-up equity shares to the Lenders as from the date of conversion and the Lenders shall accept the same in satisfaction of the principal amount of the Loan to the extent so converted. The part of the Loan so converted shall cease to carry interest as from the date of conversion and the Loan shall stand correspondingly reduced. Upon such conversion, the instalments of the Loan payable after the date of conversion as per Schedule V hereto shall stand reduced proportionately by the amount of the Loan so converted. The equity shares so allotted and issued to the Lenders shall carry from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Borrower. Save as aforesaid the said equity shares shall rank pari-passu with the existing equity shares of the Borrower in all respects. The Borrower shall, at all times, maintain sufficient un-issued equity shares for the above purpose.
- (iii) The conversion right reserved as aforesaid may be exercised by the Lenders on one or more occasions during the currency of the Loan(s) on the happening of any of the event specified above.
- (iv) The Borrower assures and undertakes that in the event of the Lenders exercising the right of conversion as aforesaid, the Borrower shall get the equity shares in demat form

which will be issued to the Lenders as a result of the conversion, listed with the Stock Exchange(s) at _____ and any other Stock Exchange as may be desired by the Lenders.

- (v) For purposes of the section it shall not be construed as a default, if the Borrower approaches the Lenders well in advance for postponement of principal or interest, as the case may be, and the Lenders agree to the same.

SECURITY

3.1 SECURITY FOR THE LOAN

- (A) The Loan together with all interest, liquidated damages Front-end fees, premia on repayment or on redemption, costs, expenses and other monies whatsoever stipulated in this Agreement shall be secured by:
- a) a first mortgage and charge in favour of the Lenders in a form satisfactory to the Lenders of the Borrower's immovable properties, both present and future; and
 - b) a first charge by way of hypothecation in favour of the Lenders of all the Borrower's movables pertaining to its hotel (save and except book debts), including moveable machinery, machinery spares, tools & accessories, Recreational items/Recreational related items, Resorts Equipments, Crockery, TVs/ VCRs/ VCPs/ VCDs/ DVDs and other modern electrical and electronic appliances, Carpets, Etc. present and future, subject to prior charges created and/or to be created in favour of the Borrower's banker's on the Borrower's such of the movables, as may be agreed to by the Lenders for securing the borrowings for working capital requirements in the ordinary course of business.

The mortgage and charge referred to above shall rank pari-passu with the mortgages and charges created and/or to be created in favour of _____ for its _____ of Rs. _____.

- (B) The Borrower shall make out a good and marketable title to its properties to the satisfaction of the Lenders and comply with all such formalities as may be necessary or required for the said purpose.

3.2 CREATION OF ADDITIONAL SECURITY

If at any time during the subsistence of this Agreement, the Lenders is of the opinion that the security provided by the Borrower has become inadequate to cover the balance of the Loan then outstanding, then, on the Lenders advising the Borrower to that effect, the Borrower shall provide and furnish to the Lenders, to the satisfaction of the Lenders such additional security as may be acceptable to the Lenders to cover such deficiency.

3.3 ACQUISITION OF ADDITIONAL IMMOVABLE PROPERTIES

So long as any monies remain due and outstanding to the Lenders, the Borrower undertakes to notify the Lenders in writing of all its acquisitions of immovable properties and as soon as practicable thereafter to make out a marketable title to the satisfaction of the Lenders and charge the same in favour of the Lenders by way of first charge in such form and manner as may be decided by the Lenders.

3.4 GUARANTEE

The Borrower shall procure joint and several, irrevocable and unconditional personal guarantee/s from Shri _____ in favour of the Lenders to secure the due repayment of the loan and the payment of all interest and other monies payable by the Borrower in the form prescribed by the Lenders and to be delivered to the Lenders before any part of the Loan is advanced. The Borrower shall not pay any guarantee commission to the said guarantors.

3.5 PLEDGE OF SHARES :

The Borrower shall procure and ensure pledge of entire promoters' shareholding aggregating _____ in favour of the Lenders to secure the due repayment of the Loan and the payment of all interest and other monies payable by the Borrower in the form prescribed by the Lenders and to be delivered to the Lenders before any part of the Loan is advanced.

ARTICLE IV

BRIDGE LOANS ADVANCED PRIOR TO THE EXECUTION OF LOAN AGREEMENT

The Borrower agrees that upon execution of these presents and the Deed of Hypothecation in favour of the Lenders, disbursements made by the Lenders to the Borrower under the Bridge Loan Agreement (s) shall be deemed to be disbursements made by the Lenders under these presents and accordingly, all the provisions of these presents shall extend to and be applicable thereto.

ARTICLE –V

APPOINTMENT OF NOMINEE DIRECTOR (S)

The Borrower agrees that the Lenders shall be entitled to appoint and withdraw from time to time director(s) on the Board of Directors of the Borrower at any time during the currency of this Agreement.

ARTICLE VI

SPECIAL CONDITIONS

The Loan hereby granted shall also be subject to the borrower complying with the special conditions set out in schedule VI hereto.

ARTICLE - VII

EFFECTIVE DATE OF AGREEMENT

This Agreement shall become binding on the Borrower and the Lenders on and from the date first above written. It shall be in force till all the monies due and payable under this Agreement are fully paid off.

SCHEDULE-I

Lenders : Particulars of Loan

NAME OF THE LENDER	DETAILS OF LOAN

SCHEDULE-II

THE PROJECT

The project envisages_____.

SCHEDULE - III

FINANCING PLAN

a) Estimated cost of Project:

The estimated cost of the project is Rs. _____ lakh made up as under:

(Rs. in lakh)

Site Development

Building

Plant and Machinery

Misc. Fixed Assets

Prelim. & Pre operative expenses

Contingencies

(b) Means of Financing:

The cost of the project estimated at Rs. _____ lakh is proposed to be financed as under:

Promoters Contribution:

- I. Equity Share Capital
- II. Unsecured Interest Free
Subordinate Loan

Term Loan from Lender

SCHEDULE-IV

PARTICULARS OF INTEREST

Name of the
Lender

Rate of Interest

____Basis points above Prime Lending
Rate (PLR) of Lender subject to minimum
of ____% p.a. with monthly rests.

The current PLR being ____%, the current
lending rate shall be ____% which would be
subject to change consequent upon change
in PLR. A notice to the Borrower in this
regard shall be conclusive and binding
upon the Borrower. Further, Lender
reserves its right to reset the interest rate
after every 3 (three) years which shall be
binding upon the Borrower.

SCHEDULE – V

AMORTISATION SCHEDULE

- a) The Borrower agrees that it shall implement the Project within the overall project cost of Rs. _____ lakh ("**the Project cost**") and in accordance with the financing plan (Promoters Contribution by way of Equity Share Capital is _____ lakh, Interest Free Subordinate Unsecured Loans -Rs. _____ and Term Loan from _____ - _____) ("**the financial plan**") both as agreed to between the Borrower and the Lenders as set out in this Agreement elsewhere and shall commence commercial operations on or before _____, 200__ ("**the completion date**") in respect of the Project.
- b) The Borrower agrees that the Lenders shall have the right to conduct review/s of the Project before its completion and if, as a result of such review, the Lenders determines that the Borrower has not implemented/nor is likely to implement the Project within the project cost and/or in accordance with the financing plan and/or the Borrower has not commenced commercial operation by the completion date, the Lenders shall have the right to revise the aforesaid repayment schedule and stipulate such addl. conditions (including strengthening of management set up, change in means of financing, raising of addl. equity capital/other interest-free unsecured funds from the promoters) as Lenders in their absolute discretion, may deem fit and to require the Borrower to take measures as may be stipulated by Lenders in the light of the revised cost of the Project/ means of financing/date of commencement of commercial operations.
- c) Upon compliance of the stipulated terms and conditions as above and commencement of commercial operations, the Borrower shall repay the loans in accordance with the repayment schedule as may be stipulated by the Lenders which repayment schedule shall be final and binding on the Borrower.

SCHEDULE VI

SPECIAL CONDITIONS

The Borrower agrees that in the event of default in the repayment of the Loan or in the payment of interest thereon or any other dues on due date(s), the Lenders and/or the Reserve Bank of India (RBI) shall have an unqualified right to disclose or publish its name or the name of its promoters/directors as defaulters in such manner and through such medium as the Lenders or RBI in their absolute discretion may think fit.

The Borrower agrees that the Lenders will not be bound to issue "No Dues Certificate" or "Satisfaction of Charge" or any instrument of the kind unless it is satisfied that (i) the Borrower has repaid its total dues; and (ii) none of its group Companies, holding company or subsidiary Companies are in default to the Lenders.

The Loan hereby granted shall also be subject to the Borrower complying with the following conditions to the satisfaction of Lenders before any part of Loan is disbursed :-

I. PRE-DISBURSEMENT CONDITIONS:

The Borrower shall –

IN WITNESS WHEREOF the Borrower has caused its Common Seal to be affixed hereto and to a duplicate hereof on the day, month and year first hereinabove written and the Lenders have caused the same and the said duplicate to be executed by the hand of Shri _____, _____ and an authorised official of the Lenders.

THE COMMON SEAL OF M/s.

_____ has pursuant to the Resolution of its Board of Directors passed in that behalf on _____ hereunto been affixed in the presence of _____, Directors, who have signed these presents in token thereof and Shri_____, Company Secretary/Authorised Official who has signed/countersigned the same in token thereof.

SIGNED AND DELIVERED BY the within named Lenders by the hand of _____, _____ and an authorised official of the Lenders.