Loan Agreement

1. Parties and date and place of execution

1.1 **Date and place.** This Loan Agreement (the "Agreement") is made and executed at **[Place of signing (city): _____]** on **[Date of signing: _____]** (the "Execution Date").

1.2 **Lender. [Lender's full name: _____]**, [Lender description: _____], residing at or having its office at [Lender's address: _____], holding PAN [Lender's PAN: _____], email [Lender's email: _____], telephone [Lender's telephone: _____] (the "Lender", which expression includes the Lender's legal heirs, executors, administrators, successors and permitted assigns).

1.3 **Borrower. [Borrower's full name: _____]**, [Borrower description: _____], residing at or having its office at [Borrower's address: _____], holding PAN [Borrower's PAN: _____], email [Borrower's email: _____], telephone [Borrower's telephone: _____] (the "Borrower", which expression includes the Borrower's legal heirs, executors, administrators, successors and permitted assigns, to the extent of any estate they receive).

1.4 **Parties.** The Lender and the Borrower are each a "Party" and together the "Parties". Where a Guarantor signs this Agreement under Clause 15, the Guarantor is also a party to this Agreement for the purposes of Clauses 15, 21, 27, 28, 29 and 31.

1.5 **Capacity.** Each Party who is an individual confirms that he or she has attained the age of majority, is of sound mind and is not disqualified from contracting by any law to which he or she is subject. Each person who signs for a company, firm, trust, Hindu undivided family or other body confirms that he or she holds the authority needed to bind it, and will give the other Party a copy of that authority on request.

1.6 **Relationship.** The Parties are lender and borrower only. The relationship between them outside this Agreement is: [Relationship between the parties: _____]. Nothing in this Agreement makes the Parties partners, joint venturers, employer and employee, or co-owners of any business, and the Lender does not receive any share of profits or any ownership interest in return for the Loan.

1.7 **Change of details.** A Party will tell the other Party in writing within 10 days after any change of name, address, PAN, bank account, telephone number or email address. Until then, a notice or payment sent to the last details given is validly sent.

2. Recitals and purpose of the loan

2.1 **Request.** The Borrower has asked the Lender for a loan of money for the purpose stated in Clause 2.3, and the Lender has agreed to lend on the terms of this Agreement.

2.2 **Reliance.** The Lender has agreed to lend in reliance on the representations, warranties and undertakings of the Borrower in this Agreement, and the Borrower accepts that the Lender would not have lent without them.

2.3 **Purpose.** The Borrower will use the Loan only for the following purpose: [Purpose of the loan: _____] (the "Purpose").

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2.4 **Lawful object.** The Parties confirm that the Purpose and the consideration for this Agreement are lawful. The Loan is not made for any purpose that is forbidden by law, that is fraudulent, that involves injury to the person or property of another, or that is immoral or opposed to public policy.

2.5 **A real debt.** The Parties intend to create a real and enforceable debt. No part of the Loan is a gift, a payment for goods or services, a deposit, an advance against an inheritance or an investment in the Borrower or any business of the Borrower. A family relationship or friendship between the Parties does not change this.

2.6 **Consideration.** The Lender's advance of the Loan and the Borrower's promise to repay it with interest are the consideration for this Agreement, and each Party accepts that consideration as sufficient.

3. Definitions and interpretation

3.1 **Defined terms.** In this Agreement, unless the context requires otherwise:

(a) "Business Day" means a day, other than a Sunday or a public holiday, on which scheduled banks are open for general business in [Place of signing (city): _____].

(b) "Banking Channel" means an account payee cheque, an account payee bank draft, the electronic clearing system through a bank account, or any other electronic mode prescribed under the Income-tax Act 2025, including NEFT, RTGS, IMPS and UPI to the extent so prescribed.

(c) "Disbursement Date" means the date on which the Loan is credited to the Borrower's Designated Account.

(d) "Designated Account" means, for the Borrower, the bank account stated in Clause 4.3, and for the Lender, the bank account stated in Clause 10.2.

(e) "Event of Default" means any event listed in Clause 19.

(f) "Guarantor" means the person, if any, named in Clause 15.1.

(g) "Instalment" means each payment of principal, interest or both listed in Schedule A.

(h) "Interest Rate" means the yearly rate stated in Clause 7.1.

(i) "Loan" means the principal amount advanced under Clause 4, or so much of it as is outstanding from time to time.

(j) "Loan Documents" means this Agreement, its Schedules, the Promissory Note, any cheques given under Clause 13, any guarantee, any Security Document and any acknowledgment signed under Clause 21.

(k) "Maturity Date" means [Maturity date: _____], or any earlier date on which the whole Outstanding Amount becomes payable under this Agreement.

(l) "Outstanding Amount" means, at any time, the unpaid principal, accrued and unpaid interest, any default compensation due under Clause 12, and any costs payable under Clause 22.

(m) "Payment Date" means each date on which an Instalment falls due under Schedule A.

(n) "Promissory Note" means the demand promissory note in the form of Schedule C.

(o) "Security" means the security, if any, described in Schedule B, and "Security Document" means any deed, letter or other document that creates or records it.

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3.2 **Interpretation.** In this Agreement: (a) headings are for convenience only and do not affect meaning; (b) the singular includes the plural and the reverse; (c) a reference to a person includes an individual, a Hindu undivided family, a firm, a company, a trust and any other body; (d) a reference to a statute includes any amendment or re-enactment of it and any rule or notification made under it; (e) "including" means "including without limitation"; (f) a reference to a Clause or Schedule is to a clause of or schedule to this Agreement; and (g) a period of days runs from the day after the event that starts it.

3.3 **Schedules.** The Schedules form part of this Agreement. If a Schedule conflicts with a Clause, the Clause prevails, except that the amounts and dates written in Schedule A prevail over any estimate in the Clauses.

4. Loan amount and disbursement through banking channels

4.1 **Amount.** The Lender agrees to lend, and the Borrower agrees to borrow, the principal sum of **[Loan amount in figures: _____]** (Rupees [Loan amount in words: _____] only) (the "Loan").

4.2 **Disbursement.** Subject to Clause 5, the Lender will disburse the Loan on or before [Latest disbursement date: _____] in the following manner: [How the loan is paid: _____]. If the Loan is paid in more than one tranche, each tranche is part of the Loan from the date it is credited, and interest on it runs from that date.

4.3 **Borrower's account.** The Lender will pay the Loan into the following bank account held in the Borrower's own name: [Borrower's bank account: _____]. The Lender is not obliged to pay into any other account or to any other person.

4.4 **No cash.** The Loan will be advanced only through a Banking Channel. The Lender will not pay, and the Borrower will not accept, any part of the Loan in cash. The Borrower confirms that the Loan, together with the unpaid balance of any earlier loan or deposit from the Lender, has been counted for this purpose. The Parties record that a person who accepts a loan of Rs 20,000 or more otherwise than through a Banking Channel may face a penalty equal to the amount so accepted.

4.5 **Receipt.** The Borrower will confirm receipt of the Loan in writing within 3 Business Days after the Disbursement Date, by signing the receipt in Schedule D or by email. The bank record of the transfer is also evidence of the disbursement.

4.6 **No obligation to re-lend.** Amounts repaid or prepaid may not be borrowed again. The Lender has no obligation to lend any further amount, to increase the Loan or to extend the Maturity Date.

5. Conditions precedent to disbursement

5.1 **Conditions.** The Lender is not obliged to disburse the Loan until each of the following has been done to the Lender's reasonable satisfaction:

(a) this Agreement has been signed by the Borrower, the Lender and any Guarantor, in the presence of the two witnesses named in the signature page;

(b) this Agreement has been duly stamped under the stamp law of [State whose stamp law applies: _____] before or at the time of execution, by stamp paper, e-stamp certificate or franking of the correct value, and the Promissory Note has been stamped with the duty under Article 49 of Schedule I to the Indian Stamp Act 1899 by an adhesive revenue stamp;

(c) the Borrower has signed and delivered the Promissory Note under Clause 13;

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(d) the Borrower has delivered any cheques required by Clause 13, with the Borrower's bank details;

(e) any Security Document listed in Schedule B has been signed, stamped and, where the law requires, registered, and any document of title or goods to be deposited or pledged have been delivered;

(f) the Borrower has given self-attested copies of the PAN card and one proof of address of the Borrower and of any Guarantor; and

(g) no Event of Default has occurred and every representation in Clause 16 is true on the date of disbursement.

5.2 **Waiver of conditions.** The Lender may waive or defer any condition in Clause 5.1 by writing, except the stamping in Clause 5.1(b), which the Parties will not waive. A condition waived or deferred becomes an undertaking of the Borrower to satisfy it within 15 days after the Disbursement Date.

5.3 **Long stop.** If the conditions are not met within 30 days after the Execution Date, either Party may end this Agreement by notice before disbursement, and neither Party will then have any claim against the other, except for the stamp duty and costs shared under Clause 22.

6. Use of proceeds

6.1 **Use.** The Borrower will use the Loan only for the Purpose stated in Clause 2.3 and for no other purpose.

6.2 **Prohibited uses.** The Borrower will not use any part of the Loan: (a) for any purpose forbidden by law or opposed to public policy; (b) for speculation in commodities, gambling, betting or lottery; (c) to lend to any other person; (d) to buy land or any other asset in the name of a person other than the Borrower, unless the Purpose states it; or (e) in breach of any foreign exchange law.

6.3 **Evidence of use.** On the Lender's written request, made not more than once in each quarter, the Borrower will give the Lender reasonable evidence of how the Loan has been used, such as invoices, receipts or bank statements, within 15 days after the request.

6.4 **No duty to monitor.** The Lender is not responsible for checking the use of the Loan. A failure by the Lender to ask for evidence does not waive Clause 6.1.

7. Interest rate, computation and day count

7.1 **Rate.** The Borrower will pay simple interest on the outstanding principal of the Loan at the rate of **[Interest rate (per cent per year): _____] per cent per annum** (the "Interest Rate"). The Interest Rate is fixed for the whole term of the Loan and does not compound.

7.2 **Accrual.** Interest accrues from day to day from the Disbursement Date, or for each tranche from the date it is credited, until the principal is repaid in full, both before and after any judgment or award.

7.3 **Day count.** Interest is computed on the actual number of days elapsed on the basis of a year of 365 days. The day on which an amount is credited to the Borrower bears interest; the day on which it is repaid to the Lender does not.

7.4 **Payment of interest.** Accrued interest is payable on each Payment Date as shown in Schedule A. Where Schedule A shows a single payment on the Maturity Date, all interest is payable on the Maturity Date.

7.5 **Interest-free loan.** If the Interest Rate is stated as "nil" or "0", the Loan is interest-free, and

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Clauses 7.2 to 7.4 and Clause 8 do not apply, but Clause 12 applies after a default.

7.6 **Same rate in the note.** The Promissory Note states the Interest Rate. The Parties have written the rate into the Promissory Note so that no other rate applies to it by default.

7.7 **Reasonableness.** The Parties have agreed the Interest Rate after discussion. Each Party considers it fair having regard to the amount, the term, the risk and any Security, and neither Party has used pressure, influence or the other's need to obtain it.

7.8 **Statements.** On request, and in any case once a year in April, the Lender will give the Borrower a statement showing the principal, interest accrued, payments received and the Outstanding Amount. Unless the Borrower disputes it in writing within 30 days after receipt, the statement is evidence of the amounts shown.

8. Tax deduction at source on interest

8.1 **Status of the Borrower.** The Borrower confirms that, for the purpose of deduction of tax at source on interest under the Income-tax Act 2025, the Borrower [Borrower's TDS position: _____].

8.2 **Deduction.** If the Borrower is, or becomes, required by law to deduct tax at source from any interest payable under this Agreement, the Borrower will: (a) deduct only the amount required, at the rates in force; (b) deposit the amount deducted with the Government within the time required; (c) file the related statements on time; and (d) give the Lender the tax deduction certificate within the time allowed by law.

8.3 **Credit for tax.** An amount properly deducted and deposited under Clause 8.2 counts as paid to the Lender on the date of deduction. If the Borrower deducts tax but does not deposit it, or does not give the certificate, the Borrower will pay the Lender the amount deducted as additional interest, and indemnify the Lender against any loss of credit.

8.4 **Declarations.** Where the Lender is entitled to give a declaration for receipt of interest without deduction, or to apply for a lower deduction, the Lender may do so and the Borrower will act on it as the law allows.

8.5 **Lender's own taxes.** The Lender is responsible for declaring and paying tax on the interest it receives. The Borrower is not obliged to pay any amount on account of the Lender's own income tax, except as stated in Clause 8.3.

8.6 **PAN.** Each Party will give the other its correct PAN. A Party that gives an incorrect PAN bears any extra tax or cost that results.

9. Repayment schedule (EMI or bullet)

9.1 **Structure.** The Borrower will repay the Loan with interest as follows: [Repayment structure: _____].

9.2 **Instalments.** Where the Loan is repaid by equated monthly instalments, the Borrower will pay [Number of instalments: _____] Instalments of [Amount of each instalment: _____] each, the first on [First payment date: _____] and then on the [Day of the month for payments: _____] day of each following month. Each Instalment is applied first to interest accrued to its Payment Date and then to principal, so the share of principal rises over the term.

9.3 **Bullet repayment.** Where the Loan is repaid in one sum, the Borrower will repay the whole

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principal and all accrued interest on the Maturity Date, and will pay interest on the dates, if any, shown in Schedule A.

9.4 **Final payment.** On the Maturity Date the Borrower will pay the whole Outstanding Amount, even if the last Instalment shown in Schedule A is smaller or larger because of the actual dates of payment.

9.5 **Business Days.** If a Payment Date is not a Business Day, the payment is due on the next Business Day, and interest runs for the extra days.

9.6 **No set-off.** The Borrower will pay every amount in full without any set-off, counterclaim or deduction, except tax deducted under Clause 8.

9.7 **Payment holiday.** The Lender may, on the Borrower's written request, allow one or more Instalments to be deferred. Any deferral must be in writing signed by the Lender and, where there is a Guarantor, by the Guarantor, and interest continues to run on the deferred amount.

10. Mode of payment and appropriation of payments

10.1 **Banking Channel only.** The Borrower will make every payment of principal and interest only through a Banking Channel. The Borrower will not repay any part of the Loan, or any interest on it, in cash, and the Lender will not accept any cash payment. The Parties record that the Income-tax Act 2025 also restricts repayment of a loan of Rs 20,000 or more, with interest, otherwise than by account payee cheque, account payee draft or a prescribed electronic mode.

10.2 **Lender's account.** The Borrower will pay into the following account in the Lender's own name, or into another account in the Lender's name that the Lender notifies in writing at least 7 days before a Payment Date: [Lender's bank account for repayments: _____].

10.3 **When paid.** A payment counts as made when the amount is credited to the Lender's Designated Account in cleared funds. A cheque counts as payment only when it is honoured.

10.4 **Reference.** The Borrower will quote "Loan dated [Date of signing: _____]" or another reference agreed in writing in the narration of each transfer, so that it can be traced.

10.5 **Appropriation.** Unless the Lender agrees otherwise in writing, the Lender will apply each payment in this order: (a) costs payable under Clause 22; (b) default compensation under Clause 12; (c) interest that is due; (d) principal that is due; and (e) any remaining principal, in inverse order of maturity. The Borrower agrees to this order in advance, so a later direction by the Borrower on a particular payment does not change it.

10.6 **Receipts.** Within 7 days after receiving each payment, the Lender will confirm it by signing an entry in Schedule D, by email or by message. A receipt does not cover any amount that has not reached the Lender in cleared funds.

11. Prepayment

11.1 **Right to prepay.** The Borrower may prepay the whole or any part of the Loan before the Maturity Date by giving the Lender at least [Prepayment notice (days): _____] days' written notice stating the amount and the date of prepayment.

11.2 **Prepayment charge.** A prepayment carries the following charge: [Prepayment charge: _____]. If this field says "nil", no charge applies.

11.3 **Interest to date.** With each prepayment the Borrower will pay interest accrued on the amount

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prepaid up to the date of prepayment. No interest is payable for any period after the date of prepayment on the amount prepaid.

11.4 **Effect.** A partial prepayment reduces the remaining principal. Unless the Parties agree otherwise in writing, the Instalment amount stays the same and the number of Instalments is reduced, and the Lender will give the Borrower a revised Schedule A within 15 days.

11.5 **No release of Security.** A partial prepayment does not release any Security or any Guarantor. Clause 14.6 governs release.

12. Default interest and late payment compensation

12.1 **Late payment.** If the Borrower does not pay any amount on its due date, the Borrower will pay the Lender, in addition to interest at the Interest Rate, compensation on the overdue amount at **[Extra rate on overdue amounts (per cent per year): _____] per cent per annum**, for the period from the due date until the date of actual payment.

12.2 **Grace period.** No compensation under Clause 12.1 is payable if the overdue amount is paid within [Grace period for late payment (days): _____] days after its due date.

12.3 **Genuine estimate.** The Parties have agreed the rate in Clause 12.1 as a reasonable estimate of the Lender's loss from late payment, including the cost of funds, the loss of other use of the money and the time spent on recovery. It is not intended as a penalty.

12.4 **Reasonable compensation only.** The Lender will claim under this Clause only reasonable compensation for the loss caused by the delay, and in no case more than the amount calculated under Clause 12.1. If a court or arbitral tribunal holds that any part of the rate is a penalty, the Lender may recover reasonable compensation not exceeding that rate.

12.5 **No compounding.** Compensation under this Clause is simple and is not added to principal.

12.6 **Dishonoured cheque.** If a cheque given by the Borrower is dishonoured, the Borrower will also pay the bank charges the Lender actually incurs because of the dishonour.

13. Promissory note and post-dated or security cheques

13.1 **Promissory Note.** On or before the Disbursement Date the Borrower will sign and deliver to the Lender a demand promissory note for the amount of the Loan in the form of Schedule C. The Promissory Note will state the Interest Rate.

13.2 **Paper and stamp.** The Promissory Note will be written on paper and signed by the Borrower in ink, and will be stamped with the duty under Article 49 of Schedule I to the Indian Stamp Act 1899. The Parties will not sign the Promissory Note electronically.

13.3 **Collateral evidence.** The Promissory Note is given as further evidence of, and security for, the Borrower's liability under this Agreement. It does not create a second debt. Any payment under this Agreement reduces the amount due on the Promissory Note, and the reverse. If the terms of the Promissory Note and this Agreement differ, this Agreement governs between the Parties.

13.4 **Repayment cheques.** The Borrower will deliver to the Lender the following cheques drawn on the Borrower's own bank account: [Repayment cheques: _____]. Each cheque will be dated for, and will be for the amount of, the Instalment it pays as shown in Schedule A. If this field says "none", no cheques are given.

13.5 **Presentation.** The Lender will present each dated cheque on or after its date and within its

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validity. Before presenting a cheque the Lender will check that the Instalment it pays has not already been paid by another Banking Channel, and will return any cheque for an Instalment already paid within 7 days after the payment.

13.6 **Dishonour.** If a cheque is returned unpaid, the Lender may, within 30 days after receiving information of the return from the bank, give the Borrower a written demand for payment of the cheque amount. The Borrower will pay the amount within 15 days after receiving the demand. Nothing in this Agreement limits any remedy the Lender has under the Negotiable Instruments Act 1881.

13.7 **Replacement.** If the Borrower changes or closes the account on which a cheque is drawn, the Borrower will give the Lender replacement cheques on the new account at least 15 days before the next Payment Date.

13.8 **Return.** When the Outstanding Amount has been paid in full, the Lender will return the Promissory Note marked "discharged" and all unpresented cheques within 15 days.

14. Security: pledge, hypothecation or mortgage

14.1 **Type of Security.** The Loan is [Type of security: _____]. The Security, if any, is described in Schedule B. If Schedule B says "none", the Loan is unsecured and this Clause applies only to the extent it refers to future Security.

14.2 **Pledge of goods.** Where Schedule B describes goods to be pledged, such as gold ornaments, shares in physical form or other movable property, the Borrower will deliver those goods to the Lender on or before the Disbursement Date. The Lender will hold them as security for payment of the Outstanding Amount, will take the care of them that a person of ordinary prudence would take of his or her own goods, and will not use them. The Lender may retain them until the Outstanding Amount is paid.

14.3 **Hypothecation.** Where Schedule B describes goods to be hypothecated, such as a vehicle, machinery or stock, the Borrower keeps possession of them and creates in favour of the Lender a first charge over them by a separate deed of hypothecation in the form agreed by the Parties. The Borrower will keep them in good condition, insure them against loss for at least their market value with the Lender's interest noted, and will not sell, lease or charge them without the Lender's written consent. Where the law requires the charge to be recorded, such as on a vehicle's registration certificate, the Borrower will have it recorded.

14.4 **Mortgage of immovable property.** Where Schedule B describes land, a flat or other immovable property, the Parties agree that this Agreement does not itself create a mortgage. The Borrower will create the mortgage by a separate mortgage deed signed by the Borrower, attested by at least two witnesses and registered as the law requires, or, where the Parties so agree and the law allows, by deposit of the title deeds of the property with the Lender, recorded in a memorandum of deposit. The Borrower bears the stamp duty and registration charges on the mortgage.

14.5 **Further assurance.** The Borrower will sign every document and do every act that the Lender reasonably asks to create, perfect, protect or enforce the Security, including any filing that the law requires.

14.6 **Release.** When the Outstanding Amount has been paid in full, the Lender will, within 15 days and at the Borrower's cost, return every pledged item and deposited title deed, sign a release or reconveyance of any mortgage or charge, and give any no-objection letter needed to remove the charge from a public record.

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14.7 **Enforcement.** The Lender will enforce any Security only after the Outstanding Amount has become payable under Clause 20 and only in the manner the law and the relevant Security Document allow, including any notice of sale the law requires. Any surplus after paying the Outstanding Amount and costs belongs to the Borrower.

15. Guarantee

15.1 **Guarantor.** The guarantor for the Loan is: [Guarantor's name, description and address: _____] (the "Guarantor"). If this field says "none", there is no Guarantor and this Clause does not apply.

15.2 **Guarantee.** In consideration of the Lender making the Loan to the Borrower at the Guarantor's request, the Guarantor guarantees to the Lender the due payment by the Borrower of the Outstanding Amount, and promises that if the Borrower fails to pay any amount when due, the Guarantor will pay it within 15 days after the Lender's written demand.

15.3 **Extent.** The liability of the Guarantor is the same as that of the Borrower, except that it is limited to a maximum of [Limit on the guarantor's liability: _____] together with interest and costs on that amount from the date of demand. If this field says "no limit", the Guarantor's liability is the full Outstanding Amount.

15.4 **Continuing guarantee.** The guarantee is a continuing guarantee for the whole Outstanding Amount until it is paid in full. It is not affected by any payment of part of the Outstanding Amount, or by the death or incapacity of the Borrower.

15.5 **Changes need the Guarantor's consent.** The Lender and the Borrower will not vary the terms of this Agreement, including the amount, the Interest Rate, the Payment Dates or the Maturity Date, without the written consent of the Guarantor, which the Guarantor gives by signing the amendment. The Lender will not release any Security or give the Borrower more time to pay without the Guarantor's written consent.

15.6 **Demand on the Guarantor.** The Lender may make a demand on the Guarantor once an Event of Default has continued beyond any cure period under Clause 19.2. The Lender need not first sue the Borrower or enforce any Security, but it will give the Guarantor a copy of every default notice it sends to the Borrower at the same time.

15.7 **Subrogation.** When the Guarantor has paid the whole Outstanding Amount, the Guarantor takes the Lender's rights against the Borrower and the Security for the amount paid, and the Lender will hand over the Promissory Note and Security documents to the Guarantor.

15.8 **Information.** The Lender will tell the Guarantor, on request, the Outstanding Amount and any missed Instalment.

16. Borrower representations and warranties

16.1 **Representations.** The Borrower represents and warrants to the Lender, on the Execution Date and again on the Disbursement Date, that:

(a) the Borrower has full capacity and, where relevant, all authority to sign and perform the Loan Documents;

(b) the Loan Documents are the Borrower's legal, valid and binding obligations;

(c) signing and performing the Loan Documents does not breach any law, any order of a court or authority, or any agreement binding on the Borrower;

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(d) no proceeding is pending or, to the Borrower's knowledge, threatened against the Borrower that could affect the Borrower's ability to repay the Loan, including any insolvency proceeding;

(e) the Borrower is not in default under any other loan, and no lender has demanded early repayment of any loan from the Borrower;

(f) all information the Borrower has given the Lender about the Borrower's income, assets, liabilities and the Purpose is true, complete and not misleading;

(g) the Borrower is the sole owner of any property described in Schedule B, free from any charge, lien, claim or attachment other than as stated there; and

(h) the Borrower is not borrowing on behalf of any other person.

16.2 **Reliance and repetition.** The Borrower acknowledges that the Lender relies on these representations. The representations in Clause 16.1(a) to (e) are repeated on each Payment Date by reference to the facts then existing.

16.3 **Notice of change.** The Borrower will tell the Lender in writing within 7 days after becoming aware that any representation was or has become untrue.

17. Lender representations and money-lending licence

17.1 **Lender's representations.** The Lender represents to the Borrower that:

(a) the Lender has full capacity to make the Loan and the funds lent are the Lender's own lawful funds;

(b) the Lender is making this Loan as an isolated transaction and is not carrying on the business of money-lending, or, if the Lender carries on that business, the Lender holds a valid licence under the money-lending law of the State where the business is carried on, licence number [Lender's money-lending licence number: _____];

(c) where the Lender is a licensed money-lender, the Interest Rate and all other charges are within the maximum rates notified under that law, and the total interest charged will not exceed any limit that law sets; and

(d) the Lender is not a bank, a non-banking financial company or other regulated lender, unless the Lender states otherwise in Clause 1.2.

17.2 **Compliance.** If the money-lending law of any State applies to this Loan, the Lender will keep the books, give the receipts and statements and follow the other rules that law requires, and the terms of this Agreement will be read so as to comply with it.

17.3 **No other inducement.** The Lender has not asked for or received any fee, commission, gift or other benefit for making the Loan, other than the interest and charges stated in this Agreement.

18. Borrower covenants and information

18.1 **Positive undertakings.** Until the Outstanding Amount has been paid in full, the Borrower will:

(a) pay every amount on time in the manner set out in Clause 10;

(b) keep the Lender informed of any change in the Borrower's employment, business or residence within 15 days after it happens;

(c) give the Lender, within 15 days after a written request made not more than twice a year, a copy of

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the Borrower's latest income-tax return acknowledgement and, if the Borrower runs a business, its latest financial statements;

(d) tell the Lender promptly of any event that is or may become an Event of Default;

(e) maintain any Security in good condition and keep it insured where Clause 14 requires; and

(f) comply with all laws that apply to the Borrower's use of the Loan.

18.2 **Negative undertakings.** Until the Outstanding Amount has been paid in full, the Borrower will not, without the Lender's prior written consent:

(a) sell, transfer, lease, charge or otherwise deal with any property described in Schedule B;

(b) give a guarantee for any other person's debt in an amount above [Amount above which the borrower may not guarantee others' debts: _____];

(c) take any step to leave India permanently or to change residential status for foreign exchange purposes without first giving the Lender 30 days' written notice; or

(d) use the Loan to repay any other debt, unless the Purpose states it.

18.3 **Insurance.** Where the Loan is above the amount stated in Schedule B as needing insurance, the Borrower will keep a life or credit insurance policy for at least the Outstanding Amount and will name the Lender as assignee or nominee to the extent the policy allows.

19. Events of default

19.1 **Events of Default.** Each of the following is an Event of Default:

(a) the Borrower does not pay any amount under the Loan Documents within [Grace period for late payment (days): _____] days after its due date;

(b) a cheque given under Clause 13 is dishonoured and the amount is not paid within 15 days after the Lender's demand;

(c) the Borrower breaches any other term of the Loan Documents and, where the breach can be remedied, does not remedy it within [Cure period after a default notice (days): _____] days after the Lender's written notice describing it;

(d) any representation or statement made by the Borrower in the Loan Documents proves to have been untrue or misleading in a material respect when made;

(e) the Borrower uses the Loan for a purpose other than the Purpose;

(f) the Borrower makes an application for insolvency, is adjudged insolvent, makes an arrangement with creditors generally, or an insolvency resolution process is started against the Borrower and is not dismissed within 60 days;

(g) any Security is attached, seized or lost, or any Security Document ceases to be valid, and the Borrower does not provide replacement security acceptable to the Lender within 30 days;

(h) the Guarantor dies, becomes insolvent or ends the guarantee, and the Borrower does not provide a replacement guarantor acceptable to the Lender within 30 days; or

(i) the Borrower defaults on any other loan above [Other-loan default amount that triggers default: _____] and the other lender demands early repayment.

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19.2 **Notice and cure.** Before acting under Clause 20 for an Event of Default under Clause 19.1(a), (c), (g) or (h), the Lender will give the Borrower written notice describing the default and stating the amount needed to cure it, and will allow the Borrower [Cure period after a default notice (days): _____] days after receipt to cure it. No cure period applies to an Event of Default under Clause 19.1(d), (e) or (f).

19.3 **Events outside a Party's control.** Flood, fire, epidemic, war, riot, an act of government or any other event outside the Borrower's reasonable control does not excuse a payment obligation. If such an event prevents the Borrower from paying through the usual Banking Channel, the Borrower will pay through any other Banking Channel available, and the Parties will discuss in good faith a deferral under Clause 9.7.

20. Acceleration and remedies

20.1 **Acceleration.** While an Event of Default continues after any cure period, the Lender may by written notice to the Borrower (with a copy to any Guarantor) declare the whole Outstanding Amount immediately due and payable. The Borrower will then pay it within 15 days after receiving the notice.

20.2 **Remedies.** After acceleration the Lender may, in addition to any other right under the law: (a) sue for the Outstanding Amount, or refer the claim to arbitration if Clause 28 provides for it; (b) demand payment from the Guarantor under Clause 15; (c) enforce any Security under Clause 14.7; and (d) exercise its rights on the Promissory Note and any dishonoured cheque.

20.3 **Interest after acceleration.** After acceleration, interest continues at the Interest Rate, and compensation under Clause 12 continues, on the whole Outstanding Amount until payment. The Lender will not claim any further increase in the rate because of the acceleration.

20.4 **Lawful recovery only.** The Lender will recover the Outstanding Amount only by lawful means. The Lender will not use threats, intimidation, abusive language, public shaming or contact at unreasonable hours, and will not contact the Borrower's employer, relatives or friends about the debt, other than the Guarantor, except through legal process.

20.5 **Restructuring.** The Lender may, but need not, agree to restructure the Loan after a default. Any restructuring must be in writing and signed under Clause 31.

21. Acknowledgment of debt and limitation

21.1 **Acknowledgment.** The Borrower acknowledges that the Loan, once disbursed, is a debt due by the Borrower to the Lender on the terms of this Agreement.

21.2 **Yearly confirmation.** Each year, within 15 days after the Lender's request, and in any case before the third anniversary of the Disbursement Date and of each later acknowledgment, the Borrower will sign and return a written confirmation of the Outstanding Amount as at the date stated in it, in the form set out in Schedule D or in a letter. The Guarantor will countersign the confirmation.

21.3 **Payment entries.** Each time the Borrower makes a payment, the Borrower will, on request, sign the corresponding entry in Schedule D or confirm the payment in a writing signed by the Borrower, so that the payment is acknowledged in writing.

21.4 **No waiver of the law.** Nothing in this Clause shortens or extends any period of limitation that the law fixes. The Parties record their understanding that a suit for money lent is generally subject to a three-year period running from the date the loan is made, and that a written acknowledgment signed before that period expires, or a payment on account acknowledged in writing, starts a fresh period.

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21.5 **Lender's records.** The Lender will keep copies of this Agreement, the Promissory Note, the bank records of disbursement and repayment, and every signed acknowledgment until at least three years after the Outstanding Amount has been paid in full.

22. Costs, stamp duty and expenses

22.1 **Stamp duty.** The stamp duty on this Agreement, the Promissory Note and any Security Document will be borne by [Who pays the stamp duty: _____]. The Parties will pay the correct duty on this Agreement and any Security Document under the stamp law of [State whose stamp law applies: _____], and the duty on the Promissory Note under Article 49 of Schedule I to the Indian Stamp Act 1899, before or at the time of execution.

22.2 **Underpayment.** If any Loan Document is found to be insufficiently stamped, the Party who was to bear the duty under Clause 22.1 will pay the deficit and any penalty on demand, and will take the steps needed to have the document properly stamped so that it can be used in evidence.

22.3 **Execution costs.** Each Party bears its own costs of negotiating and signing this Agreement, including any advocate's fees, unless Clause 22.1 or the Parties agree otherwise in writing. The Borrower bears the cost of creating and registering any Security and of releasing it under Clause 14.6.

22.4 **Recovery costs.** If the Lender takes lawful steps to recover any amount after an Event of Default, the Borrower will reimburse the Lender's reasonable and documented costs of doing so, including court fees, arbitration costs and reasonable advocate's fees, to the extent awarded by the court or arbitral tribunal or agreed in writing.

22.5 **Taxes on payments.** Each Party bears any tax imposed on it by law in relation to this Agreement, subject to Clause 8.

23. Death or insolvency of the borrower

23.1 **Death of the Borrower.** If the Borrower dies before the Outstanding Amount is paid, the Outstanding Amount is payable out of the Borrower's estate. The Lender will give the Borrower's legal representatives a written statement of the Outstanding Amount and will allow them 90 days from the date of death to propose a repayment plan before acting under Clause 20, unless the Lender's rights would be prejudiced by the delay.

23.2 **Heirs.** The Borrower's legal heirs and representatives are liable only to the extent of the estate of the Borrower they receive. Nothing in this Agreement makes an heir personally liable beyond that, unless the heir is also a Guarantor.

23.3 **Incapacity.** If the Borrower becomes unable to manage his or her affairs, any guardian or other representative appointed under law may perform this Agreement for the Borrower.

23.4 **Insolvency of the Borrower.** If any insolvency proceeding begins against the Borrower, the Lender may file its claim for the Outstanding Amount, and the Lender's rights against any Guarantor and Security continue to the extent the law allows.

23.5 **Death of the Lender.** If the Lender dies, the Loan continues on the same terms for the benefit of the Lender's legal heirs or representatives. The Borrower will pay them, through a Banking Channel, into an account they notify with proof of their entitlement, such as a probate, succession certificate or legal heir certificate.

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24. Foreign exchange compliance (NRI parties)

24.1 **Residential status.** Each Party confirms that, on the Execution Date, it is a person resident in India for the purposes of the Foreign Exchange Management Act 1999, unless this field states otherwise: [Residential status if not both resident: _____].

24.2 **Loan to a non-resident relative.** Where the Lender is a resident individual and the Borrower is a non-resident Indian or a person of Indian origin who is a relative of the Lender, the Parties agree that: (a) the Loan is free of interest and Clause 7.1 is read as "nil"; (b) the Loan will be repaid no earlier than one year after the Disbursement Date; (c) the Loan is made by crossed cheque or electronic transfer; (d) the Loan is credited to the Borrower's NRO account in India; and (e) the Parties will meet any other condition that the Reserve Bank of India sets for such loans, including any limit on amount and any restriction on use.

24.3 **Other cross-border loans.** If either Party is not resident in India and Clause 24.2 does not apply, the Parties will not disburse the Loan until they have confirmed that it is permitted under the Foreign Exchange Management Act 1999 and the rules and directions made under it, and they will make any filing those rules require.

24.4 **Change of status.** A Party whose residential status changes during the term will tell the other Party in writing within 30 days. The Parties will then take any step the foreign exchange law requires, including changing the bank account to which payments are made.

25. Indemnity

25.1 **Borrower's indemnity.** The Borrower will indemnify the Lender against any loss, penalty, tax, cost or reasonable expense that the Lender actually suffers because of: (a) any representation by the Borrower proving untrue; (b) the Borrower's breach of Clause 6, Clause 8 or Clause 10; or (c) any claim by a third person relating to the Security or the Borrower's use of the Loan.

25.2 **Lender's indemnity.** The Lender will indemnify the Borrower against any loss, penalty or reasonable expense that the Borrower actually suffers because any representation by the Lender in Clause 17 proves untrue, or because the Lender loses or damages a pledged item or deposited title deed while in the Lender's custody.

25.3 **Procedure.** A Party seeking an indemnity will notify the other Party in writing promptly after becoming aware of the claim, will not settle a third-party claim without the other Party's consent (not to be unreasonably withheld), and will take reasonable steps to reduce its loss.

25.4 **Indirect loss.** Neither Party is liable to the other under this Agreement for loss of profit, loss of opportunity or any other indirect or consequential loss. This Clause does not limit the Borrower's obligation to pay the Outstanding Amount.

26. Assignment

26.1 **By the Borrower.** The Borrower may not assign or transfer any right or obligation under the Loan Documents without the Lender's prior written consent.

26.2 **By the Lender.** The Lender may assign its rights under the Loan Documents to another person by giving the Borrower and any Guarantor written notice of the assignment, stating the assignee's name and bank account. The assignment does not increase the Borrower's obligations or change the terms of the Loan. Until the Borrower receives that notice, payment to the Lender is a valid discharge.

26.3 **Successors.** This Agreement binds and benefits the Parties and their respective legal heirs, legal

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representatives, successors and permitted assigns.

27. Notices

27.1 **Form.** Every notice, demand or consent under this Agreement must be in writing in English, signed by or on behalf of the sender, and delivered by hand against acknowledgment, by registered post with acknowledgment due or speed post, by a recognised courier, or by email.

27.2 **Addresses.** Notices go to the addresses and email addresses in Clause 1, and to the Guarantor at the address in Clause 15.1, or to any other address a Party notifies under Clause 1.7.

27.3 **Deemed receipt.** A notice is treated as received: (a) if delivered by hand, on delivery; (b) if sent by registered post, speed post or courier, on the date shown in the delivery record, or if the delivery is refused or the addressee is not found at the address, on the date of the first attempt to deliver; and (c) if sent by email, when it is sent, unless the sender receives a message that it was not delivered. A notice received after 6 p.m. or on a day that is not a Business Day is treated as received on the next Business Day.

27.4 **Legal notices.** A demand under Clause 13.6 or Clause 20.1 will also be sent by registered post or speed post, even if it is also sent by email.

28. Dispute resolution: arbitration or courts, seat and jurisdiction

28.1 **Negotiation.** If a dispute arises out of or in connection with this Agreement, the Parties will first try to settle it by discussion in good faith for 15 days after one Party gives the other written notice of the dispute. This Clause does not stop a Party from seeking urgent interim relief or from giving a notice under Clause 13.6 within the time the law allows.

28.2 **Forum.** If the dispute is not settled, it will be resolved by the following forum: [Dispute forum: _____].

28.3 **Arbitration.** If the forum chosen in Clause 28.2 is arbitration, the dispute will be referred to a sole arbitrator appointed by agreement of the Parties, or failing agreement within 30 days after a Party's request, appointed under the Arbitration and Conciliation Act 1996. The seat and venue of arbitration will be [City for disputes: _____], the language will be English, and the award will be final and binding on the Parties. The Parties will share the arbitrator's fees equally, subject to the award on costs.

28.4 **Courts.** If the forum chosen in Clause 28.2 is the courts, the competent civil courts at [City for disputes: _____] will have jurisdiction, to the extent the law allows. Where arbitration is chosen, those courts will have jurisdiction over any application in connection with the arbitration.

28.5 **Criminal remedies preserved.** Nothing in this Clause takes away any right a Party has to file a complaint before a criminal court under any law, including in respect of a dishonoured cheque.

28.6 **Time to sue.** Nothing in this Clause or elsewhere in this Agreement restricts either Party absolutely from enforcing its rights in the ordinary courts or tribunals, or limits the time within which a Party may enforce its rights, beyond what the law itself provides.

29. Governing law

29.1 **Governing law.** This Agreement and every non-contractual obligation arising out of or in connection with it are governed by the laws of India.

29.2 **State law.** Where a matter, such as stamp duty or money-lending, is governed by the law of a

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State, the law of [State whose stamp law applies: _____] applies, unless the law requires the law of another State to apply.

30. Waiver and cumulative remedies

30.1 **No waiver by delay.** A delay or failure by a Party in exercising any right under the Loan Documents does not waive that right, and a single or partial exercise of a right does not prevent any further exercise of it or of any other right.

30.2 **Waiver in writing.** A waiver is effective only if it is in writing, signed by the Party giving it, and only for the specific case and purpose for which it is given.

30.3 **Acceptance of late payment.** The Lender's acceptance of a late or partial payment does not waive the Borrower's default or the Lender's right to the balance, and does not amend the Payment Dates.

30.4 **Cumulative remedies.** The rights and remedies under the Loan Documents are in addition to, and do not exclude, any rights and remedies provided by law.

31. Amendment

31.1 **Writing.** This Agreement may be amended only by a written document that refers to this Agreement and is signed by the Lender and the Borrower. An email exchange, message or oral agreement does not amend it.

31.2 **Guarantor's signature.** Where there is a Guarantor, every amendment must also be signed by the Guarantor to show the Guarantor's consent. An amendment that the Guarantor has not signed does not bind the Guarantor and must not be acted on until the Guarantor signs it or the Lender confirms in writing that it accepts the risk of releasing the Guarantor.

31.3 **Stamp on amendment.** The Parties will stamp any amendment as the stamp law of [State whose stamp law applies: _____] requires.

31.4 **Revised schedule.** Where an amendment changes the amount or dates of payment, the Parties will attach a revised Schedule A signed by all of them.

32. Severability

32.1 **Severance.** If any provision of this Agreement is held to be invalid, illegal or unenforceable, in whole or in part, that provision or part is treated as removed, and the rest of this Agreement remains in force.

32.2 **Replacement.** The Parties will negotiate in good faith to replace an invalid provision with a valid one that comes as close as possible to its original commercial purpose, including, for an interest or compensation rate, the highest rate that the court or tribunal considers lawful and reasonable.

33. Entire agreement

33.1 **Whole agreement.** The Loan Documents contain the whole agreement between the Parties about the Loan and replace every earlier draft, discussion, message and understanding about it.

33.2 **No other representations.** Each Party confirms that it has not relied on any statement, promise or representation that is not set out in the Loan Documents.

33.3 **Earlier loans.** This Agreement does not change any earlier loan between the Parties, unless Clause 2.3 or Schedule A expressly says that the Loan refinances it.

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34. Counterparts and execution (wet-ink note)

34.1 **Execution.** The Parties will sign this Agreement in ink on duly stamped paper, or on paper bearing an e-stamp certificate, in the presence of the two witnesses named in the signature page. Each page will be initialled by every Party.

34.2 **Originals.** This Agreement is signed in [Number of originals: _____] original counterparts, each stamped as the law of [State whose stamp law applies: _____] requires for a duplicate or counterpart. The Lender keeps the principal original. Each other signatory keeps one counterpart.

34.3 **Promissory Note on paper.** The Promissory Note is not signed electronically. It is signed only in ink on paper, and only the original signed note is used.

34.4 **Scanned copies.** The Parties may exchange scanned copies of the signed Agreement for convenience. A scanned copy does not replace the stamped original.

34.5 **Language.** This Agreement is written in English. If a Party asks for a translation, the English version prevails. Each Party confirms that the contents of this Agreement were explained to it in a language it understands before signing.

IN WITNESS WHEREOF the Parties have signed this Agreement at [Place of signing (city): _____] on the Execution Date, each having read and understood it.

LENDER: [Lender's full name: _____]
Signature:
Name and capacity of signatory: [Lender's signatory name and capacity: _____]
Date:

BORROWER: [Borrower's full name: _____]
Signature:
Name and capacity of signatory: [Borrower's signatory name and capacity: _____]
Date:

GUARANTOR (if any; leave blank if Clause 15.1 says "none"):
Signature:
Name:
Date:

WITNESSES

1. Signature:
   Name: [First witness's name: _____]
   Address: [First witness's address: _____]

2. Signature:
   Name: [Second witness's name: _____]
   Address: [Second witness's address: _____]

SCHEDULE A: REPAYMENT SCHEDULE

This Schedule forms part of the Loan Agreement dated [Date of signing: _____] between [Lender's full name: _____] and [Borrower's full name: _____].

1. Loan amount: [Loan amount in figures: _____]

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2. Disbursement Date (planned): [Latest disbursement date: _____]

3. Interest Rate: [Interest rate (per cent per year): _____] per cent per annum, simple, actual days over 365

4. Structure: [Repayment structure: _____]

5. Number of Instalments: [Number of instalments: _____]

6. Amount of each Instalment: [Amount of each instalment: _____]

7. First Payment Date: [First payment date: _____]

8. Later Payment Dates: the [Day of the month for payments: _____] day of each month

9. Maturity Date: [Maturity date: _____]

10. Other payments or notes: [Other payments or notes: _____]

The Parties may attach a table showing, for each Payment Date, the Instalment, the interest part, the principal part and the remaining principal. The table is an estimate. Clause 9.4 applies to the final payment.

Initials: Lender ..... Borrower ..... Guarantor .....

SCHEDULE B: SECURITY DETAILS

1. Type of Security: [Type of security: _____]

2. Description of the Security: [Description of the security: _____]

For goods to be pledged, list each item with its weight, purity or identifying number. For hypothecated goods, give the make, model, registration or serial number and location. For immovable property, give the survey or plot number, flat number, address, area and the details of the title deed. Write "none" if the Loan is unsecured.

3. Document creating the Security: [Document creating the security: _____]

4. Insurance: the Borrower will keep the insurance in Clause 14.3 for any hypothecated goods, and the insurance in Clause 18.3 where the Loan is above [Loan amount above which insurance is needed: _____].

5. Existing charges disclosed by the Borrower: [Existing charges on the security: _____]

Initials: Lender ..... Borrower ..... Guarantor .....

SCHEDULE C: FORM OF DEMAND PROMISSORY NOTE

To be written on paper, stamped with the duty under Article 49 of Schedule I to the Indian Stamp Act 1899, and signed in ink by the Borrower across the stamp.

DEMAND PROMISSORY NOTE

Place: [Place of signing (city): _____]
Date: [Date of signing: _____]
Amount: [Loan amount in figures: _____]

ON DEMAND I,

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[Borrower's full name: _____], residing at [Borrower's address: _____], unconditionally promise to pay **[Lender's full name: _____]**, residing at [Lender's address: _____], or order, the sum of [Loan amount in figures: _____] (Rupees [Loan amount in words: _____] only), together with interest on it from the date of this note at the rate of **[Interest rate (per cent per year): _____] per cent per annum**, for value received in the form of a loan paid to me through a bank transfer.

Signature of the maker across the stamp:
Name: [Borrower's full name: _____]

ACKNOWLEDGMENT OF RECEIPT OF CONSIDERATION

I, [Borrower's full name: _____], acknowledge that I have received the sum of [Loan amount in figures: _____] from [Lender's full name: _____] through the Banking Channel stated in Clause 4.2 of the Loan Agreement dated [Date of signing: _____], and that this note is given under that Agreement.

Signature:
Date:

SCHEDULE D: PAYMENT RECEIPT AND ACKNOWLEDGMENT LOG

This log records the disbursement and every payment. The Lender signs to confirm receipt of each payment. The Borrower signs each entry to acknowledge the payment and the balance in writing.

Part 1: Receipt of the Loan

I, [Borrower's full name: _____], acknowledge receipt of [Loan amount in figures: _____] from [Lender's full name: _____] on ..... by ..... (mode and transaction reference).
Borrower's signature: ..... Date: .....

Part 2: Payments

For each payment, record: entry number; date of payment; amount; mode and transaction or cheque number; part applied to interest; part applied to principal; principal remaining after the payment; Lender's signature; Borrower's signature.

Entry 1: .....
Entry 2: .....
Entry 3: .....
(continue on additional sheets as needed, each signed by both Parties)

Part 3: Yearly balance confirmation

I, [Borrower's full name: _____], confirm that as on ..... the amount outstanding under the Loan Agreement dated [Date of signing: _____] is: principal ....., accrued interest ....., total ....., and that I owe this amount to [Lender's full name: _____].
Borrower's signature: ..... Date: .....
Guarantor's countersignature (if any): ..... Date: .....

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