

LOAN AGREEMENT

THIS AGREEMENT made this the _____ day of _____, 201 at New Delhi between Oil Industry Development Board, a body corporate constituted under the Oil Industry Development Act, 1974, having its Head Office at 301, World Trade centre, Babar Road, New Delhi, acting through its secretary, (hereinafter referred to as "the Board" which expressions shall unless repugnant to the context or meaning hereof, mean and include its successors and permitted assigns) of the one part and

(hereinafter referred to as "the BORROWER", which expressions shall, unless repugnant to the context or meaning hereof shall mean and include its successors and permitted assigns and representatives) of the second part.

WHEREAS THE Borrower has represented that it is engaged in the oil industry activities such as and it is in need of financial assistance to carry on its activities which will be for the development of the oil industry;

AND WHEREAS the Borrower has requested for grant of a loan of Rs.....for the aforesaid purpose; subject to fulfillment of the terms and conditions as set forth by the Board for this purpose.

AND WHEREAS the Board has considered the request of the Borrower for the grant of loan of Rs.....and it has decided to sanction a loan of Rs..... to the Borrower at its request;

NOW THEREFORE IT IS HEREBY AGREED BETWEEN THE PARTIES HERETO AS UNDER:-

Definitions

- A. Act means Oil Industry (Development) Act, 1974
- B. Board means Oil Industry Development Board.
- C. Parties mean the Oil Industry Development Board and the Borrower.
- D. Project means the project referred to in the application No.....dated.....of the Borrower to be financed under this agreement.
- E. Rules mean Oil Industry (Development) Rules, 1975.

Interpretation of Clauses

1. The loan has been granted by the Board under the provisions of the Oil Industry (Development) Act, 1974 and the provisions of this loan agreement shall be in addition to and not in lieu of or in derogation of the powers and remedies of the Board under the Oil Industry (Development) Act, 1974.
2. Notwithstanding anything provided anywhere in this Agreement, the loan hereby agreed to be granted by the Board shall be subject to the Borrower complying with the provisions of the Act and the Rules/Regulations framed there under and the terms and conditions set out herein.

Draw Down Schedule

3. The draw down schedule projected by oil companies at the time of, submitting project proposal would be followed by quarterly draw down schedule indicating date of drawl of funds during the current year. This will be submitted to OI DB in the context of preparation of budget estimate for the year.

The draw down schedule for the particular quarter in which the project is initially sanctioned shall be submitted by the company within 30 days of signing of Loan Agreement. The quarterly draw down schedule shall continue to be submitted before the commencement of every quarter during the current financial year.

In case OI DB cannot adhere to the proposed draw down schedule because of non-availability of funds, the changes if any will be intimated to the company in advance.

The Schedule

Notice of drawl:

4. The Borrower shall furnish to the Board an irrevocable notice of drawl 15 calendar days before each draw down date which draw down date should be a business day. Business day shall mean a day on which banks are normally open for business in New Delhi.

If any draw down date happens to be or subsequently becomes, not a business day, then that draw down date in such an event shall be postponed to the immediately succeeding business day except for 31st March in which case it will be preponed to previous business day.

Last date of drawl:

5. Unless the Board otherwise agrees, the right to make drawls from the Loan shall ceases/expire on

Commitment charges

6. Commitment charges will be payable by the Borrower to be Board @1% per annum on amount remaining undrawn with reference to the draw down notice.

Repayment

7. (a) The loan shall be repaid in installments as indicated in the Schedule(s) of Repayment as under provided that the Board shall be at liberty and at its discretion if for any reason it is necessary to protect the interest of the Board:
- (i) To fix and prescribe from time to time different Schedule(s) of Repayment covering different or specific disbursements of the loan;
 - (ii) Upon an enhancement of the loan, to alter all or any of the existing Schedule(s) of Repayment for the time being operative in respect of the loan or any part thereof, either by increasing the number of installments, or by increasing the amount payable on all or any of the installments, or otherwise; and
 - (iii) Upon reduction of the loan, to alter all or any of the existing Schedule(s) of Repayment for the time being operative in respect of the loan or any part thereof, either by reducing the number of installments, or by reducing the amount payable on all or any of the installments, or otherwise.
- (b) The due date for the repayment of the loan or any part thereof shall be the due date in respect thereof as indicated in the relative Schedule(s) of Repayment.
- (c) Should the entirety of the loan not be disbursed for any reason, unless otherwise specifically approved by the Board in writing, the Borrower shall repay the principal amount of the loan disbursed in like installments as aforesaid until full repayment of the loan disbursed.
- (d) Should the Borrower desire postponement in whole or part or of any repayment installment beyond the due date thereof, and should the Board agree in writing for such postponement, the interest on such postponed installment(s) shall be at such rate as may be decided by the Board at the time of postponement.
- (e) Repayment of loan and interest thereof shall be payable at par at New Delhi.
- (f) When the due date of repayment of any installment of principal or interest falls on a non business day, the payment made on the next working day following the said non-business day shall be regarded as payment on due date and no interest shall be charged for the day or days by which the recovery is postponed. It is specifically provided that in case the due date for the repayment of loan or payment of interest falls on 31st March and same is or becomes a non-business day, then the repayment /payment calculated up to 31st March will be preponed on the previous business day.

The Schedule of repayment

Levy of prepayment fee

8. The Board may accept prepayment of loans if the Borrower first liquidates the loan amounts of earlier maturities subject to payment of fee of "0.50%" of the outstanding loan as prepayment fee by the Borrower"

The percentage of prepayment fee is subject to changes as may be fixed by the Board from time to time with prospective effects.

Interest

9. The Borrower shall pay simple interest on the principal amount of the loan as applicable on the date of drawl of loan with a rebate of Nil% per annum for punctual payment of installments of principal and interest subject to the Borrower complying with other terms and conditions hereof.

Such interest shall be paid with half yearly/quarterly rests on 31st March, 30th June, 30th September and 31st December each year.

Interest will be calculated as on 30th June, 30th September, 31st December and 31st March and payable on 1st July, 1st October and 1st January and 31st March subject to clause 7(f) respectively of each year.

Security for the loan

10. The loan together with all interest, fees, costs, expenses and other monies whatsoever stipulated in this Agreement shall be secured as under :-
- (a) A first mortgage and charge in favour of the Board, in a form satisfactory to the Board, of the Borrower's immovable properties, both present and future.
 - (b) A first charge by way of hypothecation in favour of the Board of the Borrower's movables (save and except book debts), including movable machinery, machinery spares, tools and accessories, present and future;
 - (c) In case of a second mortgage or charge, the mortgage and charge referred to above shall rank paripassu with the mortgages and charges created in favour of ----- and no objection to this effect, shall be furnished by the Borrower from ----- or its consent for the same before creation of such second mortgage or charge in favour of the Board and the Borrower shall comply with all such formalities as may be necessary or required for the said purpose.

Provided that the above mortgage/hypothecation will be applied only to assets/projects financed out of loan proceeds from OIDB.

Creation of additional security

11. If, at any time during the subsistence of this Agreement, the Board is of the opinion that the security provided by the Borrower has become inadequate to cover the Loans then outstanding, the Borrower shall provide and furnish to the Board, to its satisfaction such additional security as may be acceptable to it to cover such deficiency.

Guarantee

12. The Borrower shall furnish irrevocable and unconditional corporate guarantee(s) from --
----- in favour of the Board for 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 Board before disbursement of any loan.

However this clause will not be applicable to Govt. companies (as defined in the Companies Act 1956) provided security under clause 10 is given.

Review and Repayment

13. The Borrower agrees that Board shall have the right to conduct a review of the Project at any time, during implementation, and before completion of the Project

The Borrower agrees that the Board shall have right to change the repayment schedule. In case the revised repayment schedule by the Board enjoins upon the borrower to repay entire loan, then the borrower shall be given 30 days notice by the board to take care of the liquidity constraints of the borrower.

Utilization of the loan

14. The loan shall be utilized only for the purposes for which it is sanctioned by the Board and the Borrower shall not directly or indirectly utilize or divert or permit utilization or diversion thereof for any other purpose.

Mode of disbursement

15. All disbursement of the loan shall be by way of crossed a/c payee cheque drawn on the Board's bankers at New Delhi and disbursement of the amount covered by the cheque shall be deemed to be complete on the immediate next business day from the date of issue of the cheque or date of realisation of amount whichever is earlier.

Inspection

16. The Board shall be entitled at any time and at all times during the implementation of the Project and thereafter so long as the debt due to the Board or any part thereof shall remain outstanding, to depute any of its officers or other persons or experts nominated or appointed by it in this behalf for the purpose:
- (a) to inspect and examine the books of accounts of the Borrower and supporting records and vouchers/bills and other records maintained or required to be maintained by the Borrower in terms hereof or otherwise;
 - (b) to enter into or upon any premises in which any work is being carried out or conducted or in which any record(s) of the Borrower are maintained, and to view and examine the state of progress and to inspect and examine the relative records and to take copies and extracts thereof;
 - (c) to enter into or upon any place or premises where any assets of the Borrower are lying, stored or installed or are believed so to be, and to inspect the same and make inventories thereof; and
 - (d) to inspect and examine any other accounts, records or assets within the power or control of the Borrower, the inspection or examination of which the Board considers relevant for the verification of or information on any matter concerning the utilisation of the loan, any asset of the Borrower, or any security to be furnished to the Board.

The Borrower shall render to such officer(s), expert(s) and/or person(s) deputed by the Board pursuant to its powers in Sub-Clause (I) hereof all such assistance and facilities as may be required by such officer, expert and/or person, as the case may be, to carry out his functions, including (but not limited to) giving full explanations to any question raised and of the relative system(s) adopted.

Adjustment of Overdues

17. The Board may deduct from sums to be lent to the Borrower any monies then remaining due and payable by the Borrower to the Board.

Appropriation of payments

18. Unless otherwise agreed to by the Board, any payments due and payable under the Loan Agreement and made by the Borrower shall be appropriated towards such dues in the following order, or in any other order or mode at the discretion of the Board.
- i. Commitment charges as referred to in Clause 6.
 - ii. Interest including additional interest, payable in terms of the Loan Agreement
 - iii. Further interest, if any
 - iv. Premium on prepayment
 - v. Repayment of installments of principal due and payable under the Loan Agreement

- vi. Costs, charges, expenses and other monies
- vii. Interest on costs, charges and expenses and other monies

Insurance

19. (a) Unless otherwise agreed to by the Board, the Borrower shall keep insured up to the replacement value thereof as approved by the Board (including surveyor's and architect's fees) the properties charged/to be charged to the Board against fire, theft, lightning, explosion, earthquake, riot, strike, civil commotion, storm, tempest, flood, marine risks, erection risks, war risks, and such other risks as may be specified by the Board and shall duly pay all premia and other sums payable for that purpose. The Borrower shall strictly comply with the terms and conditions of the Insurance Policy and shall do nothing either by act or omission to vitiate the insurance.
- (b) In the event of failure on the part of the Borrower to insure the properties or to pay the insurance premia or other sums referred to above, the Board may get the properties insured or pay the insurance premia and other sums referred to above, as the case may be at the cost of the Borrower under information to the Borrower.

Imposts, costs and charges

20. (a) Unless otherwise agreed to by the Board, the Borrower shall pay all other costs, charges and expenses in any way incurred by the Board (including costs of investigation of title and protection of Board's interest) 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 relating to project financed out of loan proceeds of OADB are situated or otherwise.
- (b) In the event of the Borrower failing to pay the monies referred to in sub-clause (a) and (b), the Board will be at liberty (but shall not be obliged) to pay the same and the Borrower shall reimburse all sums paid by the Board or the Board shall deduct and appropriate from the payments to be made by it to the Borrower or it may first deduct and then make such payment.

Events of Default

21. In the event of any default or failure on the part of the Borrower or the breach of terms and conditions of this Agreement and more particularly the defaults and circumstances mentioned hereunder, the entire loan amount with interest and charges if any under this Agreement shall forthwith become due and payable by the Borrower to the Board merely on demand and the Board shall be entitled to enforce the securities and take all other steps and avail the remedies available to it in law for recovery of any such amount which becomes due and payable under this Agreement:-

- (a) Default in payment of Principal sums of the loans: Default committed by the Borrower in payment of principal sums of the loan within 3 business days of such sum becoming due.
- (b) Default in payment of interest: Default committed by the Borrower in payment of installments of interest on the loans which continues for a period of 30 days from the date of default and the same is not removed within the said period of 30 days.
- (c) Default in performance of covenants and conditions: Breach of the terms and conditions of the loan Agreement and non-performance of its obligations and liabilities by the Borrower which continues for a period of 30 business days from the date of default and the same is not cured within the said period of 30 business days.
- (d) Supply of misleading information: If any information furnished by the Borrower in its application for loan or otherwise and or the warranties given or deemed to have been given by the Borrower is found to be misleading, incorrect, false or wrong in any material respect whatsoever.
- (e) Inability to pay debts: If there is reasonable ground for belief that the Borrower is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been commenced.
- (f) Inadequate insurance: If the properties and assets offered to the Board as security for the loans have not been kept insured by the Borrower or depreciate in value to such an extent that, in the opinion of the Board, further security to the satisfaction of the Board should be given and on advising the Borrower to that effect such security has not been given to the Board within days of the receipt of the intimation to that effect.
- (g) Refusal to disburse loans by other financial institutions : If the other financial institution(s) or bank(s) with whom the Borrower has entered into agreements for financial assistance in connection with the same project(s) or otherwise, have refused to disburse its/their Ioan(s) or any part thereof or have recalled its/their Ioan(s) under their respective loan agreement(s) with the Borrower.
- (h) Proceedings against Borrower: If the Borrower has voluntarily or involuntarily become the subject of proceedings (except for vexatious or frivolous proceedings which are discharged or stayed by the appropriate Court within 90 business days) under any bankruptcy or insolvency law or the Borrower is voluntarily or involuntarily dissolved or wound up except merger, reorganization, amalgamation when the new set up takes up the full liabilities of the Borrower.
- (i) Inability to pay debts on maturity: If the Borrower is unable or has admitted in writing its inability to pay its debts as they mature.
- (j) Appointment of receiver or liquidator: If a receiver or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Borrower.
- (k) Attachment and distraint on mortgage properties: If an attachment or distraint has been levied on the mortgaged properties of any part thereof or certificate

proceedings have been taken or commenced for recovery of any dues from the Borrower.

- (I) Extra-ordinary circumstances: If extra-ordinary circumstances have occurred whereby reasonable grounds exist for belief that the project cannot be carried out and the Borrower cannot fulfill its obligations under the loan agreement.
- (m) In the event of default in repayment of installment(s) of principal and or interest, the penal rate of interest with effect from the date of default shall be charged/levied and payable by the borrower at 2.5% above the normal rate of interest at which loan has been sanctioned or the applicable/existing rate of interest, whichever is higher.

Remedies

22. As stated hereinbefore, in the preceding clause, in the event of default, the entire loan and charges if any under this agreement shall forthwith, become due and payable by the Borrower to the Board and the securities shall become enforceable and the Board, in addition to its rights, as stated in this agreement and to all its rights available to it in law, shall be entitled to :

- (i) Enter upon and take possession of the present and future assets and properties relating to project financed out of loan proceeds from OADB of the Borrower and
- (ii) Transfer the present and future assets and properties relating to project financed out of loan proceeds from OADB of the Borrower by way of lease, license, and sale or otherwise.

Assets & Securities

23. (i) The Borrower shall not, except with the prior written consent of the Board so long as the debt due to the Board or any part thereof shall remain unpaid, transfer or dispose off or howsoever alienate, encumber, charge or pledge or part possession with any of its assets, and consent for any of the purpose aforesaid may be granted by the Board at its sole discretion on such terms and conditions as the Board deems fit.

(ii) The Borrower shall at all times keep and maintain its assets in a good and proper state of repair, maintenance and working condition, and in a manner suitable for utilisation for the purpose for which the asset is intended, inclusive of affecting all such additions and/or improvements thereto or in as shall or may from time to time be necessary for the proper preservation or utility of the asset.

(iii) The Borrower shall not except with the prior written consent of the Board, pull down, demolish or remove any building or other structure or any part thereof forming part of its assets except in the ordinary course of repair and maintenance or improvement and will in such cases restore or procure to be restored such building or structure or replace the same or procure the same to be replaced by others of similar nature and of at least equal value.

Notwithstanding anything mentioned in this clause, the Company shall not be barred from doing any of the activities mentioned above, in respect of projects or assets which are not financed out of loan proceeds from OADB.

Accounting & Records

24. (i) The Borrower shall maintain complete and faithful accounts of its business, income and expenditure and in respect of such other matters as the Board may in this behalf from time to time prescribe, and shall have the said accounts audited at its own cost and initiative by Auditors approved by the Board/Govt. at such intervals or otherwise as may be required by the Board/Govt., and such audit shall, if so required by the Board, be in whole or part of any particular aspect in addition to the audit of the general account of the Borrower.

(ii) If the loan has been given not for the general utilization of the Borrower, but only for specific utilization in or towards meeting the specific cost or expenditure of any particular item(s), operation(s), programme(s) or part(s) thereof, the Borrower shall also maintain separate, complete and faithful accounts of its expenditure on such item(s), operation(s), programme(s), or part(s) thereof and of the relative assets in whole or part created, acquired, constructed, fabricated, purchased or procured from the loan, as the case may be, and the provisions of Sub-Clause(i) hereof with regard to audit shall mutatis mutandis apply thereto.

The Borrower shall keep and maintain in a form and manner satisfactory to the Board such records relative to the utilization of the loan or any other matter connected therewith as the Board may in this behalf at its discretion from time to time direct.

Reports and information

25. (i) The Borrower shall from time to time at the request of the Board furnish to the Board all such particulars, information, accounts and other statements as may be required by the Board with respect to the utilization of the loan or any assets and/or in respect of any other matter concerning the loan, or the business or assets of the Borrower as the Board may in its discretion deem fit.

(ii) Without prejudice to the obligation of the Borrower under Sub-Clause (i) hereof, the Borrower shall within six months from the close of each financial year of the Borrower at its own cost and initiative furnish to the Board a complete and detailed Report of the activities and achievements of the Borrower during the period since the last Report, the said Report to include, but not be limited to the following:

(a) A statement of the works and/or programs undertaken and completed and of the expenditure incurred thereon;

(b) Details of the plant and machinery and other assets acquired by the Borrower;

- (c) A statement of the assets in whole or part created, acquired, constructed, fabricated, purchased or procured with the loan;
- (d) A copy of the last audited statement of accounts of the Borrower.
- (e) A certificate in a form acceptable to the Board signed on behalf of the Borrower and/or counter signed by the Auditor of the Borrower or other Auditors approved in this behalf by the Board that the loan has been utilized for the purpose(s) for which it was granted;
- (f) Such other information or document as may be prescribed by the Board from time to time.

Alternation of Status

- 26. If at any time the legal entity of the Borrower is changed or is amalgamated with or with that of any person or body or its business is carried on under a changed name, the provisions hereof shall, without prejudice to any other right which the Board may have, be read and construed as if the name of such person or body or changed name has been substituted in place and instead of the name of the Borrower throughout the term and tenure hereof, but subject thereto the liabilities hereunder in all respects shall remain unaltered.

Waiver

- 27. Any failure on the part of the Board to exercise all or any of its powers, rights and/or remedies in respect of any breach, failure or default on the part of the Borrower to observe, fulfill and/or perform the conditions or any of them or in respect of any other matter shall not be deemed to be a waiver by the Board of the relative power, right or remedy of the Board or attendant obligation(s) of the Borrower.

Notice

- 28. Without prejudice to any mode of service available, any notice, communication, report or other information required to be furnished or sent by the Board to the Borrower, shall be deemed to be served upon the Borrower, if sent by registered post or by hand addressed to the office of the Borrower, at its address indicated below or notified to the Board in writing in suppression thereof, namely.

Address :

Governing Law and Jurisdiction

29. (i) This Agreement shall be governed by the laws of India for the time being in force.
- (ii) The Borrower agrees with the Board that the Courts in Delhi alone shall have jurisdiction in respect of any matter, claim or dispute arising out of, in respect of or in any way relating to this Agreement.

Appointment of Nominee Director

30. OIDB may, based on the level of loan and risk exposure in the project as may be prescribed by the Board, appoint a Director as its nominee, on the Board of directors of the borrowing company.

Arbitration

31. In the event of any dispute or difference relating to or upon or in connection with the interpretation or application of the provisions of the contracts between the OIDB and Public sector Enterprise(s) / Government Departments/ Autonomous Organizations, such dispute or difference shall be referred to by either Party for arbitration to the sole Arbitrator in the Department of Public Enterprises to be nominated by the secretary to the Government of India in charge of the Department of Public Enterprises. The arbitration and Conciliation Act, 1996 shall not be applicable to arbitration under this clause. The award of the arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference, the dispute shall be decided by the Law secretary or the Special secretary / Additional secretary, when so authorized by the Law Secretary, whose decision shall bind the parties finally and conclusively. The parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

31A.) In the event of any dispute or difference relating to or upon or in connection with the interpretation or application of the provisions of the contracts between the OIDB with Parties other than Public sector Enterprise(s)/ Government Departments/Autonomous Organizations, such dispute or difference shall be referred to by either Party for arbitration to the sole Arbitrator in the Ministry of Law & Justice, Department of Legal Affairs, to be nominated by the Law secretary to the Government of India in charge of the Department. The award of the sole Arbitrator shall be binding upon the parties to the disputes; provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference, the dispute shall be decided by the law secretary or the special secretary/Additional secretary, when so authorized by the Law secretary, whose decision shall bind the parties finally and conclusively.

The venue of arbitration shall be at New Delhi. The parties to the dispute will share equally the cost of arbitration unless otherwise awarded by the arbitrator.

Memorandum and/or articles of Association

32. None of these conditions stipulated in the Loan Agreement by the Borrower and the Board conflicts with the Memorandum and Articles of Association of the Borrower. The Borrower shall amend, if required, Memorandum and/or Articles of Association for safeguarding the rights of the Board arising out of or under clauses 10, 11, 12, 16, 23 and 30 of this Loan Agreement.

The parties hereto have through their duly authorized representative caused the Loan Agreement executed in duplicate on the day, month and year first hereinabove written as hereinafter appearing.

Signed, sealed and delivered.

In presence of

(for & on behalf of Board)

(witness)

In presence of

(for & on behalf of Borrower)

(witness)

duly authorized by the Resolution No.
.....dated of the Board of Directors
of (Name of the company).