

Agreement For Interest Free Loan

This AGREEMENT

is made at _____ this _____ day of _____ 2001.

BETWEEN

_____ Limited, having its place of business at /
resident of _____ hereinafter referred to as "the Client" (which
term shall wherever the context so requires or permits mean and include its successors-in-
interest and assigns) of the ONE PART.

AND

_____ Bank Limited (or financial institution), a duly
incorporated banking company (or financial institution) having its registered office at
_____ hereinafter referred as "the Institution" (which expression shall
wherever the context so requires or permits mean and include the heirs, legal representatives
and successors-in-interest and assigns) of the OTHER PART.

WHEREAS the Institution has agreed to give an Interest Free Loan to the Client on terms and
conditions hereinafter appearing.

NOW, THEREFORE, THIS AGREEMENT WINTESSETH AS UNDER:-

1. The Institution hereby agrees to provide to the Client an Interest Free Loan (hereinafter
referred to as "the Loan") upto a maximum of Rs. _____ on the terms and
conditions hereinafter contained.

2. The parties hereto hereby mutually agree and covenant as under:-

i. The Client undertake to repay the loan without any interest on or before _____ .

ii. In case the Client fails to perform as per provisions of this Agreement or any amount is
required to be paid by the Client on a specified date and is not paid on that date, or any
amount is payable by the Client under this Agreement within a specified period after the

DISCLAIMER: This sample contract is provided for example purposes only. It should not be duplicated without consideration of a particular situation.
One should always seek the expert legal opinion of, at minimum, a qualified Islamic finance scholar and a registered legal counsel for the relevant
jurisdiction. Laws vary by jurisdiction and certain provisions in this sample contract may not be enforceable. This sample contract is for illustrative
purposes only and its user indemnifies the sender for any wrongdoing.

receipt of a demand from the Institution and is not paid by it within the specified period after the receipt of the demand and such amounts have to be recovered through litigation, a court may award solatium to the Institution to cover the expenses incurred in the recovery of its dues.

3. As security for repayment of the Institution's loan and/or all other sums payable as aforesaid the Client hereby agrees and undertake to give such security as may be acceptable to the Institution and the terms and conditions of which shall be such as the Institution may determine.

IN WITNESS WHEREOF the Client and the Institution have executed this agreement on the day, month and year hereinabove mentioned.

Witness

1. _____
2. _____

CLIENT

Witness

1. _____
2. _____

INSTITUTION

Appendix A

Description of the Project

Appendix B

Schedule for Purchase of Project Shares

Appendix C

Cost/Value of the Project

DISCLAIMER: This sample contract is provided for example purposes only. It should not be duplicated without consideration of a particular situation. One should always seek the expert legal opinion of, at minimum, a qualified Islamic finance scholar and a registered legal counsel for the relevant jurisdiction. Laws vary by jurisdiction and certain provisions in this sample contract may not be enforceable. This sample contract is for illustrative purposes only and its user indemnifies the sender for any wrongdoing.