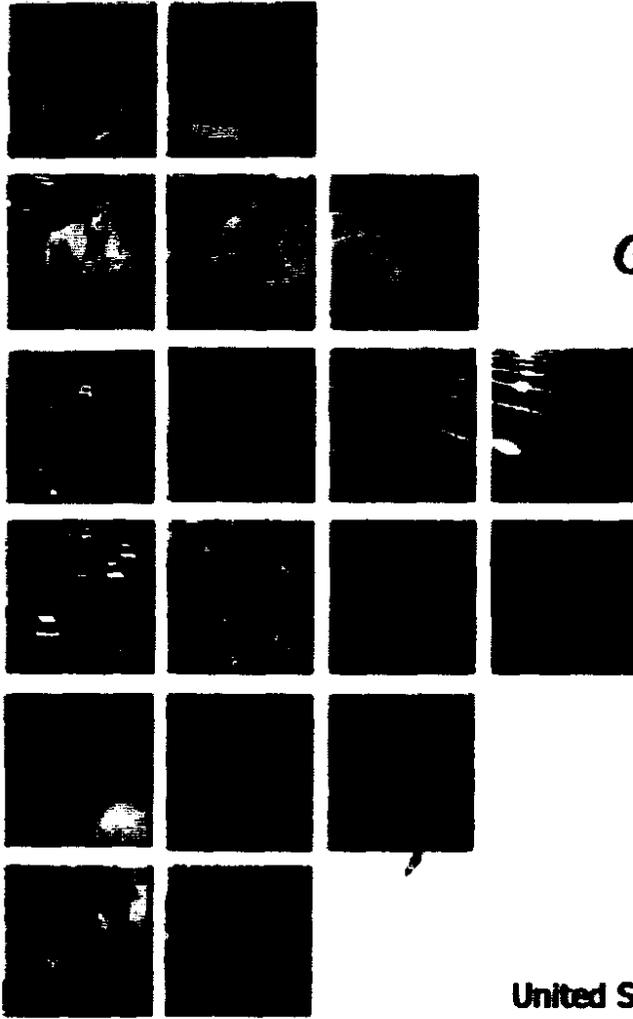


PN-ACV-745

CLIN 3: Project Development and Financing

Subtask 3E: At Least 8 Projects Receive Secured Funding



***Greenhouse Gas Pollution
Prevention Project -
Climate Change
Supplement***

A Program of the:
United States Agency for International
Development / India Mission



Implemented by:
The Louis Berger Group, Inc.
Global Environment Team





THE Louis Berger Group, INC.
2300 N Street, NW
Washington, DC 20037 USA

The Louis Berger Group, Inc.
Contract No. 386-C-00-00-00058-00
Sandeep Tandon, CTO

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EXECUTIVE SUMMARY



I. EXECUTIVE SUMMARY

Working towards USAID/India's Strategic Objective #4: "Increased Environmental Protection in Energy, Industry and Cities", the Greenhouse Gas Pollution Prevention Project's Climate Change Supplement (GEP-CCS) was designed to build the capacity of the governmental, non-governmental and private sector stakeholders in India to reduce the rate of growth of greenhouse gases while promoting sustainable development.

To assist in achieving this goal, the Project Development and Financing tasks under CLIN 3 have focused on the development and financing of new projects in India that mitigate greenhouse gas (GHG) emissions. Employing a layered implementation approach, the Louis Berger Group's support has had two capacity building components. The first, to work with financial institutions (FIs) in India to improve their understanding of a) the value of clean energy projects in reducing GHG emissions and b) the potential value of GHG emission reductions as a commodity that could improve the viability of projects from both the financial and social impact aspects. The second, concurrently implemented, was to work with other institutions, such as the Climate Change Centre at Development Alternatives and industry groups like FICCI and CII, as well as directly with project developers of both traditional and clean energy projects to improve their ability to identify and evaluate the potential GHG mitigation impacts of their projects. The work with both the institutions and the individual project developers was felt to be critical in developing a pipeline of stronger, better structured proposals for viable greenhouse gas mitigation and clean energy projects for submission to financial institutions.

This report covers the last milestone under the GEP-CCS CLIN 3 project pipeline development and financing sub-task - CLIN 3E "*At least 8 projects receive secured financing*". Copies of sanction letters, which are the first legal documents obligating a financial institution to fund a project, and/or other support documentation demonstrating that a sanction letter has been issued and a commitment of funding has been made, are included in this report for eight of the pipeline projects developed under CLIN 3 C and D.

The total GHG emission reduction potential for the eight projects funded is 697,120 CO₂ per annum. 141 MWs of green/renewable power will be generated, along with steam and organic compost. The estimated cost of the eight projects is Rs 7,421 million or approx 156 million US dollars.

The eight projects encompass a range of technologies from small hydro power, biomethanation of municipal solid waste, bagasse based co-generation, waste heat recovery, and bio-mass power using rice husks. Several of the projects have already or are in the process of monetizing their emissions reductions.

Two additional projects are expected to receive their documentation within the next month. These two projects will bring the projected GHG emissions avoided/reduced total to over 750 thousand tons per year from projects in five states: Karnataka, Andhra Pradesh, Uttar Pradesh, Chhattisgarh and Rajasthan (Alwar Power Project).

During the later part of the GEP-CCS contract, for the CLIN 3 project pipeline development and financing component, more specifically in year 2003, a new financial resource – Clean Energy Project Financing (CEPF) - was designed and developed through the initiative of the US-AID India Mission. This fund was developed to assist clean energy projects that met the GEP-CCS/AID criteria for CEP, to access funding through two designated partner financial institutions, ICICI Bank and IDFC.

It should be noted that the CEPF has been instrumental in creating enthusiasm with the two partner financial institutions, ICICI and IDFC. The preparation and launch of the fund provided additional opportunities for the GEP-CCS LBG team to engage other divisions of both financial institutions. The prospect of the fund also enabled the team to interest project developers in re-thinking the design and technology of traditional projects to maximize their greenhouse gas emission reduction potential and to structure clean energy projects in a more systematic way, quantifying the emissions avoided.

Technical assistance and tools were critical to moving the proposals from concept to funding commitment, in particular the DPR Worksheet and the GHG Assessment that were prepared with the project developers for submission to the FIs. It is anticipated that additional clean energy projects currently in the pipeline will continue to be evaluated for funding beyond the due date of this report.

BACKGROUND



II. BACKGROUND:

OBJECTIVE

Earlier reports detailed the progress under the GEP-CCS project's CLIN 3 sub-task for capacity building and specific technical assistance to developers of GHG mitigation projects in key sectors that have the potential for significant impact on reducing the rate of growth of GHG emissions in India. The Louis Berger Group, Inc. (LBG) has implemented this task under the GEP-CCS by actively supporting the development of projects that would help mitigate the climate change impact of industry, energy generation and usage and urban growth. In earlier tasks under CLIN 3, the LBG GEP-CCS team developed a project tracking format and worked with a select group of project developers and international funding agencies to develop and provide guidance on climate change mitigation project (CCMP) development. Under CLIN 3B, the process of the development of a clean energy project as a Climate Change Mitigation pilot project in a representative state was demonstrated. A *Roadmap for Climate Change Mitigation Project Development* was prepared based on the pilot, the process and the lessons learned. This "step-by-step" guidance document was prepared in collaboration with, and as part of the capacity building assistance to, the Climate Change Center at Development Alternatives. Under CLIN 3C and D efforts, a pipeline of greenhouse gas mitigation and clean energy projects were developed.

The deliverable under CLIN 3D specified the addition of five additional proposals to the CLIN 3C pipeline of ten projects. The GEP-CCS/LBG team was able to add fourteen project proposals to the financing pipeline out of an additional forty two projects identified for consideration in the second phase. By establishing a longer pipeline of greenhouse gas mitigation proposals than required under the GEP-CCS contract, it is anticipated that with the creation of the CEPF, clean energy projects in the pipeline will continue to move forward to funding, up to and after the contract end date for GEP-CCS in April 2004.

APPROACH

Key to the success of the project financing efforts under CLIN 3 would prove to be the capacity building and institutional strengthening of the financial sector

implemented under CLIN 2 as well as the specialized TA to the project developers. Another important element was the creation of the Clean Energy Project Fund, which provided an additional incentive to both the financial institutions and project developers. The ability to provide tailored technical assistance and tools, particularly the DPR worksheets and GHG Assessments, was an asset. Constant tracking and monitoring of the projects in the pipeline to identify potential barriers or issues to financing that could be addressed was also critical.

During the GEP-CCS project, the LBG/GEP-CCS team worked very closely with various FIs, including ICICI, IDFC, IREDA, Infrastructure Leasing and Financial Service (IL&FS), Infrastructure Development Corporation (Karnataka) Ltd. (IDeCK), the Power Finance Corporation (PFC) as well as many banks, such as the State Bank of India, the State Bank of Hyderabad, the Bank of Baroda and others. The direct engagement with the financial institutions during the training activities, seminars, and portfolio reviews, was reinforced by study tours, symposium, policy exchanges and meetings. The interaction under CLIN 2, not only assisted the five financial institutions who participated in the portfolio review assess GHG assets and liabilities for projects already in their portfolios, but has made an impact on the way FIs look at new proposals. In the past year, LBG staff has observed an increase in the number and quality of clean energy/greenhouse gas mitigation proposals referred from project developers and financial institutions both.

Developed by GEP-CCS LBG team with inputs from and consultation with domestic/international financial institutions, US consulting firms, an emission brokerage firm and USAID, the DPR worksheet synthesizes crucial project information into a form digestible by domestic and international finance and investment interests. Another tool employed by the LBG/GEP-CCS team was an estimation of the GHG reduction potential for each project entering the pipeline. The GHG reduction assessment includes establishing a general GHG emission baseline (i.e., emissions without the project), and estimating the (reduced) GHG emissions in the presence of the project (i.e., emissions with the project). The difference between these two amounts represents the potential GHG emission reduction for a project. This data was used in the structuring of the projects to strengthen their financial position and thus improve their ability to obtain financing from domestic or international sources.

In addition to the DPR Worksheet, and the GHG Assessment, among other tools developed by LBG and GEP-CCS partners that were very instrumental in moving proposals forward were the *Roadmap for Climate Change Project Development*, and the ProForm software from LBNL.

PROJECT DETAILS IN BREIF



			Chhattisgarh		
8	Sandar power Co. (P) Ltd	3 X 7.5 MW Small hydropower plant in Karnataka	A run-of-the river (Varahi) hydro power project for Karnataka grid	29.8	78,830
8		141 MW plus Steam/compost	Totals	156.3	697,120

1. **Ambuthirtha Power Private Limited** proposes to construct and operate a mini hydro-electric power generating plant of 20 MW. Located downstream of the existing 120 MW Mahatma Gandhi Hydro-electric (MGHE) station and upstream of the existing 1035 MW Sharavathy Generating Station (SGS) in Karnataka, the MGHE Tailrace project utilizes the river-bed fall, the tailrace discharge flow from the MGHE station and flows from an independent catchment. The combined flows would be conducted through the head race tunnel (HRT), surge tank, pressure shaft and penstocks to the MGHE Tailrace power generating plant. The plant is expected to generate 113 million units (MU) annually. The total project cost estimate is Rs 1,077 million.

2. **Coastal Agro Industries Limited (CAIL)**, a manufacturer of straw and kraft board in K. Savaram village, Undrajavaram Mandal, West Godavari District of Andhra Pradesh, is setting up a 4 MW bio-mass based co-generation plant to meet process steam and electricity requirements. Excess power will be exported to the grid. The primary fuel for the plant will be locally available rice paddy husk. The power and steam thus generated will replace AP grid power and coal generated steam. The cost of the project is expected to be Rs 152 million.

3. **Asia Bioenergy India Ltd (ABIL)** is setting up a 5 MW power generation plant using biogas generated by the biomethanation of Municipal Solid Waste (MSW) supplied by Lucknow Municipal Corporation. Lucknow, the capital of Uttar Pradesh, has a population of approximately 3 million who generate about 1500 tons of MSW per day. The Lucknow Municipal Corporation has agreed to supply 300 tons per day to ABIL. ABIL has also entered into a power purchase agreement with the UP State power corporation. This project will also serve as a demonstration project to illustrate the use of advanced anaerobic digestion technology, and also the market potential for GHG emission reductions. Initially project costs were estimated to be Rs 760 million.

4. **Globe Cogeneration Power Limited (GPCL)** is developing a 45 MW co-generation plant at the Shri Hirenyakeshi Sahkari, Sakkare Kharkhane Niyamit (SHSSKN) sugar mill in Sankeshwar, Belgaum district, Karnataka. GPCL will operate the co-generation plant on a BOOT basis for a period of 20 years, after which it will be transferred to the sugar mill. The total project cost is estimated to be Rs 1,810 million.

5. Sainath Power Concepts (P) Ltd (SPCL) is setting up a 6 MW biomass based power project at Akkarpur village in Adilabad district of Andhra Pradesh. The net power generated by the plant will be sold to the AP grid and SPCL has entered into a power purchase agreement with APTRANSCO. The PPA provides for a tariff of Rs. 3.49 per kWh, which is as per the MNES policy. The project has been approved by NEDCAP, the nodal agency for renewable energy projects. SPCL proposes to execute the project through package contracts and undertake the operation and maintenance on its own. The proposed plant would use cotton stalks, maize stalks and rice straw as the renewable fuel. PFC has appraised the project and approved a loan of Rs. 100 million at the rate of 13% p.a. with a moratorium of 6 months. Total project cost is estimated to be Rs. 205 million.

6. Pioneer Genco Limited (PGL), a Special Purpose Vehicle (SPV) promoted by Pioneer Builders and its group companies Penna Cement Industries Limited (PCL) and Sriba Industries Limited (SIL), proposes to construct, erect and operate a 21 MW (3 x 7MW) run-of-the-river hydroelectric power project on the banks of the river Cauvery near Shivanasamudram village, Malavalli Taluk in Mandya District of Karnataka. The project cost is estimated at Rs. 880 million.

7. Chhattisgarh Electricity Company Limited (CECL) is an existing profit making company having diversified businesses including power generation and ferro alloys. The company has set up a ferro alloy plant with a furnace capacity of 18 MVA (equivalent to 35,000 tpa) and a turbo generator set of 30 MW installed capacity with a boiler of 90 tph equivalent to 20 MW generation at Raipur, Chhattisgarh. 16MW is consumed in-house by CECL, with the balance 4 MW being sold to Raipur Alloy and Steel Ltd. (RASL), a group company.

The company is expanding its existing facilities with a 30 MW turbo generator set, and five waste heat recovery boilers. The waste heat recovery boilers will be fed by waste heat from the ferro alloy plant and RASL plant, which is located adjacent to the CECL site. With the expansion, the company will have turbo generator capacity of 60 MW and a steam generation capacity adequate to support 52 MW. The company is proposing to double the capacity of the ferro alloy plant, installing two furnaces of 9 MVA each (equivalent to 35,000 tpa) at a cost of Rs. 13 crore. Post expansion, CECL and RASL will consume power of 34 MW and 10 MW respectively. The balance 8-10 MW will be sold to the grid/third parties. The project cost is estimated at Rs.810 million.

8. Sandur Power Company. Under a Government of India policy to permit private sector participation in the development of the power sector, M/s Sandur Power Company Private Limited has been allotted by the Government of Karnataka, the implementation of the Varahi Tail Race Mini Hydel Project, with an installed capacity of 22.5 MW, and an annual average gross generation of 120 Mu. The project consists of the construction of a diversion weir across the Varahi River just downstream of the tail race with a gravity-based intake system, as well as other components, including three turbines of 7.5 MW each. The total estimated cost of the project, including transmission lines, is approx. Rs. 1.3 billion.

Two additional projects listed below, *Sterlite Industries Ltd.* and *Alwar Power Private Ltd.*, are expected to receive documentation on funding shortly.

9	Sterlite Industries Ltd.	WHR based steam generation plant in a sulphuric acid plant	Steam generation using waste heat from sulphuric acid and captive power plants	111	17,440
10	Alwar Power Private Ltd.	7.5 MW agro-residue biomass based power plant in Rajasthan	Power generation using mustard crop residues for Rajasthan grid	300	39,200

DOCUMENTATION



AMBUTHIRTA POWER CORPORATION LTD





Special Post/ Courier

पावर फाइनेंस कारपोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

Loan No. A04 02001.
January 29, 2003

Sh. K. Sadananda Shetty
Chairman
Ambuthirtha Power Private Limited
2nd Floor 21/19, Craig Park Road.
M.G. Road, Cross,
Bangalore-560001

Sub: Loan proposal for financing of 2x10 MW MGHE Tail Race Project in Karnataka by AMBUTHIRTHA Power Pvt Ltd.

- Ref: (i) M/s APPL's letter dated 29/12/2001 to PFC seeking financial assistance from PFC.
(ii) PFC's letter dated 18/10/2002 to M/s APPL intimating shortlisting of the project by PFC for detailed appraisal.

Dear Sir,

With reference to your application for financial assistance vide letter cited at reference above and further correspondences and discussions you had with us for setting up of a 2x10 MW power project at Shimoga in Karnataka, we are pleased to inform that Power Finance Corporation Ltd. is agreeable, in principle, to provide to M/s APPL a rupee term loan of Rs. 35.0 crores for the above project subject to the following :

1. The aforesaid term loan facility is subject to the terms and conditions including additional terms and conditions enclosed herewith at Appendix-A and Appendix-B respectively.
2. M/s APPL shall enter into a Loan Agreement with PFC in the format enclosed at Appendix-C.
3. In case these terms and conditions are acceptable to you, you may furnish to us within 30 days of receipt of this letter two certified copy of the resolutions duly passed by the Board of Directors of your Company as per the proforma in Appendix-D.



रुरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड
RURAL ELECTRIFICATION CORPORATION LTD.

भारत सरकार का उद्यम A Government of India Enterprise

Regd. Office Core-4 SCOPE Complex 7 Lodi Road New Delhi 110003
Tele. 24365161 Fax 24360644 E-mail recorp@recl.nic.in Gram RECTRX
Website www.reclindia.com www.reclindia.nic.in

FAX/SPEED POST

FAX NO. 91-80-6597617

No. REC/OD/SC/SAN/2002-03/71/1252

Dated: 13.03.03

M/s Ambuthirtha Power Private Limited
2 nd floor, 21/19, Craig Park Road
MG Road Cross
Bangalore-560 001.

Sub: Sanction of MGHE Tailrace Hydro Electric Project (2x10MW) in Shimoga district of Karnataka State during 2002-03

Dear Sirs,

Please refer to your letter dated 21.11.01 requesting for obtaining loan assistance for MGHE Tailrace Hydro Electric Project (2x10MW) in Shimoga district of Karnataka State.

In this connection, it is to inform you that our Corporation is agreeable to provide loan assistance to the extent of Rs. 3059.574 lakh (including IDC) for the above mentioned project, in Consortium with PFC as Lead Financial Institution.

The terms and conditions of the loan from REC will be governed in accordance with the terms and conditions as may be agreed to between the members of the Consortium. The concerned Consortium Agreement would also include the special conditions for release of loan as given in enclosed annexure.

Encl: Sanction details

Yours faithfully,

Satish K. Dhawan
(Satish K. Dhawan) 13/03/03
Chief (Operations)

Details of MGHE Tailrace Hydro Electric Project in Shimoga district of Karnataka State promoted by M/s Ambuthirtha Power Private Ltd. (APPL)

(Rs. lakh)

Name of the Project/ Distt.	Code No.	Installed Capacity (MW)	Modified cost as indicated by promoter (11.02.03)	Eligible cost of the project (based on AHEC)	Promoter's contribution as equity	Debt Component	Loan Amt. proposed (50% of debt component)	IDC on loan amount proposed	Loan assistance (including IDC) sanctioned
1	2	3	4	5	6	7	8	9	10
MGHE Tailrace/ Shimoga	46/2003	2x10	9047.75	8430.00	2940.15	5489.85	2744.925	314.649	3059.574

Special Conditions for release of loan

1. An undertaking is to be given by M/s Ambuthirtha Power Private Ltd.(APPL) to the effect that no problem remains to be resolved with regard to rehabilitation and litigation and all the necessary project clearances are available.
2. M/s Ambuthirtha Power Private Ltd. (APPL) undertakes not to transfer or abandon the project at any stage or in any manner whatsoever without prior written consent of REC. Also the APPL undertakes that in case of transfer/abandonment of the project or assets, the entire outstanding dues from them shall be paid to REC in one installment before such transfer is effected.
3. No advance money shall be provided and all eligible claims shall be released on reimbursement basis subject to compliance/completion of formalities related to loan documentation which may also cover the following commitments made by the company under a legally binding contract(s) to be vetted by the Lawyers:-
 - i) Commitment to bring entire equity upfront before disbursement (or part by way of a bank guarantee)
 - ii) Commitment to submit legally binding contracts with Asian Tech. Ltd.(EPC Contractor), Alstom Ltd. (Equipment Supplier) and TCE Consulting Engineers Ltd. (Project Construction managers) prior to disbursement.
 - iii) Commitment to furnish contracts with key personnel identified by the company prior to disbursement. Such contracts should be valid for the loan duration. Further the company should undertake to replace such people (with REC's consent) with equally qualified personnel in the event of their quitting the organization.
 - iv) Commitment by the company to meet cost over run without recourse to REC



Dt: 12-12-2002.

The Managing Director
Coastal Agro Industries
K.Savaram
Tanuku
W.G.Dt.,

Dear Sir,

Ref: Sanction of Term Loan and enhancement in your Working Capital limits.

- x -

Please refer your application seeking sanction of Term Loan for setting up 4MW Biomass based project and also enhancement in your existing Working Capital limits.

We have pleasure in advising that Bank has sanctioned the following facilities on the terms and conditions detailed here under as per enclosures.

<u>Nature of Facility</u>	<u>Limit</u>		<u>Remarks</u>
	<u>Existing</u> (Rs.in lacs)	<u>Proposed</u> (Rs.in lacs)	
A. Cash Credit (Hyp)	200	225	Enhancement cum Renewal
Sublimits within above limits			
OD - Book Debts	(75)	(125)	
OD- BCC	(50)	(50)	No Change
DDP- Clean	(20)	(20)	No Change
B. Term Loan - other lenders SBI and APSFC	-NIL-	250	For setting 4 MW Biomass based Power Project
C. Bank Guarantee	20	20	No Change

Detailed Terms & Conditions for each facility are enclosed.

Please return the duplicate copy of the letter duly signed having accepted the terms and conditions and arrange to complete the documentation formalities at the earliest.

Yours faithfully

 Chief Manager

TERMS & CONDITIONS

Facility : CASH CREDIT (HYP)

1. SECURITY:

a) Primary: Hypothecation of raw materials, stocks-in-process, finished goods, consumable spares, book debts and receivables.

b) Collateral:

i) Personal guarantee of the following Director/persons. (Rs. In lacs)

S.No.	Name	Net Worth	I.P.
1	Ch.K. Visweshwara Rao	85.73	(57.35)
2	Ch.Rama Krishna	40.00	(19.44)
3	Smt. Ch. Krishnaveni *	33.04	(21.24)

(*) She is not a director. However her personal guarantee is required since some properties offered as security are in her name.

ii) Equitable Mortgage of Land / Building:

S.No	Standing in the name of	Particulars of security	Extent (Sq.yds)	Value (Rs.in lacs)	Date of Valuation
1	CH.K. Visweswara Rao	R.S.No.8/3 at K.Savaram D 2045	2424	5.09	22-2-01
2	-do-	R.S.No.8/8 at K.Savaram D 2038	3490	6.45	22-2-01
3	-do-	R.S.No.8/4 at K.Savaram D 2039	1212	2.42	11-7-02
4	-do-	Residential Bldg. Sajjapuram	933.32	30.76	22-2-01
5	Smt. Ch.Krishnaveni	2 shops at D.No. 33-50, R.P.Road Tanuku	--	10.30	20-6-02
6	-do-	R.S.No.377/3, Tetali, D.No.3133	2520	5.09	20-6-02
7	-do-	R.S.No.377/3A, Tetali, D.No.4030	2520	3.82	20-6-02
8.	Additional security	To be furnished		35.00	

Total: 98.93

- These securities are exclusive to our Bank and also extends to term loan of Rs.250 lacs sanctioned. Valuation & legal clearance of the additional collateral to be arranged before release of enhanced limits

iii). Second Charge on all the present and future fixed assets of the company.
First charge ranking pari-passu with other lenders APSFC, SBI and SBH.

2. Storage and : In the borrower's own godowns or rented godowns within possession the company's premises in open or any other place of storage with the prior approval of Bank.



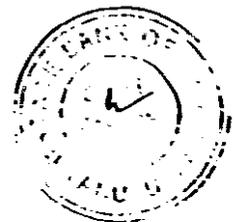
3. Basis of : As per market value, cost price or invoice price, valuation whichever is lower. In case of imported goods, the cost price will be inclusive of import duty paid.
4. Margin : Indigenous raw materials.)
Stocks-in-process.) 25%
Stores & spares.)
Finished goods.)
Book-debts (of age upto 90 days only) 50%
5. Insurance : Entire stocks, hypothecated to the Bank to be fully insured against all risks with Bank's interest clause and the policies to be retained with Bank.
6. Inspection : Monthly by FO/quarterly by Div.Mgr/halfyearly by Chief. Mgr.
7. Submission of : a. Stock Statements) At monthly
periodical b. Select Operational Data) intervals
statements: c. FFR I & II : Quarterly / Halfyearly.
8. Repayment : CC(Hyp): On Demand,

9. Rate of interest:

Applicable to SBH-2 rating. Present being 1.75% above SBHPLR (now 11.50%), i.e., 13.25% p.a. The same is subject to revision from time to time based on SBH PLR and also spreads as stipulated by Bank Interest will be charged at monthly rests as per RBI directives.

10. Penal Rate of Interest:

- a) For delay in submission of - 1% on entire outstandings for the months
stock statements the stock statement was not submitted)
- b) For delay in submission of - 1% on entire outstandings beyond 3 months
renewal data from the date the renewal has fallen due)
- a) For irregularities in accounts -1% on the irregular portion of drawings in
the account incl. devolvement of LCs,
invocation of Bank Guarantees for p74riod of
irregularity on the first 2 occasions not
exceeding 60 days in a calender year and on
the entire outstandings incl. WCDL for the
period of irregularity on subsequent occasions
OR if the irregularity is persistent i.e
continuing beyond 60 days.



SUB -LIMITS : WITHIN THE CASH CREDIT (HYP) LIMIT OF RS.225.00 LACS

**(A) Nature of facility - OD (BCC) - Sub limit
-INCLUDING GOVT. SUPPLY BILLS (ODBCC)**

Limit : Rs. 50.00 lacs

a) Maximum period of Usance /Tenor : 90 Days

b) Margin : 25%

c) Whether documentary / clean : Clean / documentary.

d) If documentary, particulars of documents that would accompany them :
RRs, LRs, Bills of lading and other shipping documents and as per terms of LCs where applicable

e) Broad classification of parties on whom bills will be drawn :
Govt. departments, Corporations, Municipalities & private parties..

f) Restrictions, if any. :
Maximum ceiling will be in accordance with the worth of individual parties.

g) Discount/Interest chargeable : As per Bank's standard rates.

h) Other stipulations, if any :

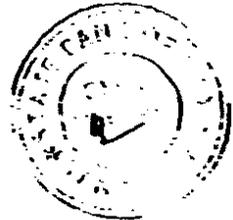
1. In case of advances against Govt. supply bills, power of attorney in favour of Bank should be got registered with the Govt. Dept. In addition all supply bills are to be sent to the Govt. Depts. direct or through their banks with bank's covering letter that the bill is advanced against and that the proceeds to be paid direct to the Bank. Each invoice to contain endorsement of company directing the drawee to pay direct to the Bank.
2. Local Usance bills will be discounted only after due acceptance by drawee (whose specimen signature duly certified by their bankers are to be on record.
3. The company to execute general power of attorney in favour of the bank which in turn to be registered with respective drawees of the bills.
4. If any bill remains outstanding beyond the expiry of cover period, the same should be removed from the cover & entered separately for follow up.

GENERAL:

5. Overdue interest to be collected as per the existing guidelines.
6. Overdue interest will be charged at 2% P.A. from the due date till the date of payment and will be recovered from the drawee or the company.
7. In respect of bills returned unpaid, overdue interest as above will be recovered from the date of presentation and from due dates in respect of usance bills. If the date of presentation at the other end is not known to us, overdue interest will be recovered from the 7th day of the date of negotiation.
8. Bills would be required to be drawn on firms/merchants of good repute and financial standing at centres where we or our associate banks are established. Bills drawn on other centres would be accepted on collection basis only.



9. Bills drawn on upcountry clients should be accompanied by RR/MTR evidencing dispatch of goods together with the relative invoices.
10. MTRs of only approved transport companies, whose list is maintained with the Bank will be acceptable. The MTRs tendered with documents should be :
 - i) in the special format laid down by the IBA.
 - ii) contain the caution notice and endorsement.
 - iii) show the name and address of the discounting banks (i.e. ourselves as the consignee.)
 - iv) contain the code number allotted by IBA and should be the consignee copy of the set of MTRs.
11. Bank reserves the right not to discount/purchase a bill accompanied by MTRs without assigning any reason.
12. In respect of lodgement of MTRs, goods will be insured against transit insurance risks for full market value. Transit insurance policies/cover notes will be made out in the joint names of the Bank and the Company, by an insurance company which is on the approved list of the Bank. The relative policies/cover notes will cover transit/transshipment risks from warehouse to warehouse as per standard motor clause. It shall also provide against theft, pilferage, delivery, strikes, riots, civil commotion, damage by rain, water, acid, oil, hook and other extraneous substance, damage by fire, collision, overturning and accidents of like nature.
13. Pending arrival of goods at destination, bills would be allowed to remain outstanding for maximum period of 30 days in case of RRs and 15 days in case of MTRs.
14. It will be the responsibility of the company to arrange with the drawees and ensure that on presentation -
 - the demand bills are promptly paid;
 - the usance bills are promptly accepted on presentation and paid on due dates. The local usance bills can be discounted after they are duly accepted (signature of the drawees to be verified). Bills drawn on outstation parties may be discounted and sent for acceptance and payment to anyone of our branches or branches of SBI/Associate Banks. Otherwise they be discounted only after due acceptance.
15. Unless otherwise agreed to by the Bank in which case the bills would be allowed to remain outstanding for a period not more than 30 days for RRs and 15 days for MTRs or immediately on arrival of the goods at destination, whichever is earlier. In case of Inland Usance Bills, it will be the responsibility of the company to ensure that the bills are promptly paid on due dates.



(B) Nature of facility - OD (Book Debts) - Sub limits
Limit - : Rs.125 lacs

ADVANCES AGAINST BOOK DEBTS:

- I. A margin 50% on the face value of eligible debts for permitting the drawing power.
- II. The statement of book debts will be submitted monthly (classified age-wise), along with the stock statement.
- III. The maximum cover period will be 90 days (i.e., age of book debts should not be more than 90 days) and all book debts should be realised within this period in the normal manner. Book debts remaining outstanding beyond this period will be removed from cover and drawing power recalculated. Any drawings in excess of this should be repaid by you immediately
- IV. Half yearly certification from a Chartered Accountant should be submitted with regard to the quality, age and genuineness of the book debts.
- V. Bank will extend book debt finance to the company on supplies made to its customers after obtaining satisfactory opinion report from their bankers covering at least 60% of the buyers (amount wise).
- VI. The company should obtain at the end of each quarter confirmation from each of its major debtors (upto 90% of amount) to the amounts they owe to the company, and submit such confirmation to the Bank.

(C) Nature of facility - DDP (clean) for cheques / drafts : Sub-Limit: Rs.20.00 lacs

- I. The cheques of the unit's valued clientele, who are good for the amount of the cheque should alone be purchased.
- II. The limit should be utilised only for genuine trade transactions.
- III. These should not be allowed to remain out standing at the collecting office for more than 3 days.
- IV. In case of all out station instruments of Rs.50000.00 or more, payment should be obtained by telegraphic advice and the borrower should bear the relative expenses.
- V. When ever the Instruments are returned un paid and the party whose cheques are frequently returned will be black listed and the cheques of such parties will not be purchased there after.
- VI. Charges - as per standard rates
- VII. Over due Interest - 1% over and above the interest rate applicable to cash credit.
- VIII. Co-operative bank cheques will not be discounted.



BANK GUARANTEE – FINANCIAL / PERFORMANCE

- Limit : Rs.20.00 lacs
- a) Margin : 10%
- b) Security :
- i) Counter indemnity of the company.
 - ii) Charge over current assets & fixed assets should cover the Bank guarantee limit
 - iii) All collaterals to cover Bank guarantees also.
- c) Commission : As per bank's standard rates.
- d) Period of BG: 18 months.
- e) Purpose : To be issued in favour of excise and sales tax dept and against advances to EMD, suppliers of materials etc.,
- f) Period of sanction : One year



Anneuxre-2
TERMS AND CONDITIONS : (TERM LOAN)

- Amount** : Rs. 250 lacs
- Purpose** : The term loan is sanctioned to meet part cost of setting up 4MW Biomass based co-generation Power Plant . The Bank finance should be utilised strictly for the project and in the manner as per terms of sanction.

1. Security :

(i) **Primary** : 1st charge on pari passu basis on the existing & proposed fixed assets.

(ii) **Collateral : (Exclusively for our W/C & our share of proposed Term Loan):**

i) Personal guarantee of the following persons (Cr. Rep. Dt.11.07.2002).

S.No.	Name	Net Worth	LP.
1	Ch.K.Visweshawara Rao	85.73	(57.35)
2	Ch.Rama Krishna	40.00	(19.44)
3	Smt. Ch. Krishnaveni *	33.04	(21.24)

(*) Her guarantee is required, though she is not a director, as some properties are in her name.

ii) Equitable Mortgage of Land / Buildings etc.

Sl No	Standing in the name of	Particulars of security	Extent (Sq.yds)	Value (Rs.in lacs)	Date of Valuation
1	CH.K.Visweswara Rao	R.S.No.8/3 at K.Savaram D 2045	2424	5.09	22-2-01
2	-do-	R.S.No.8/8 at K.Savaram D 2038	3490	6.45	22-2-01
3	-do-	R.S.No.8/4 at K.Savaram D 2039	1212	2.42	11-7-02
4	-do-	Residential Bldg, Sajjapuram	933.32	30.76	22-2-01
5	Smt. Ch.Krishnaveni	2 shops at No. 33-50 , R.P.Road Tanuku	-	10.30	20-6-02
6	-do-	R.S.No.377/3, Tetali, D.No.3133	2520	5.09	20-6-02
7	-do-	R.S.No.377/3A, Tetali, D.No.4030	2520	3.82	20-6-02
8.	Additional collateral security (Legal clearance & valuation are to be arranged)			35.00	-NA-
Total:				98.93	

2. Margin : Land & Building - 40%
Plant & Machinery - 25%

3. Rate of Interest : Interest rate as applicable to CRA SBH TL -3 rating
The present rate being 2.50% above SBHPTLR, ie, 14.00%p.a.

4. Penal rate : 1% for the period of default on the overdue amount of installments and interest.



5. Up front fee : 1% of term loan.

6. Disbursement schedule : The company have already acquired and developed the land required for construction of power project. The disbursement will be made along with other members in consortium as per the progress of work in respect of the civil works and disbursements will be made directly to the suppliers of machinery.

7. Insurance : As the construction is over a longer period of time, "erection insurance" during the construction period to cover the risk to be obtained as agreed by the company. Subsequently, from the date of commercial production a comprehensive insurance policy will be taken for full market value of the Plant and Machinery in the joint names of the banks & company and policy retained with Bank.

8. REPAYMENT: The term loan of Rs.250.00 lacs will be paid in 22 quarterly (i.e) 21 quarterly instalments of Rs.11.36 lacs and the final instalment of Rs.11.44 lacs each commencing from 6 months after declaration of commercial production or March, 2004, whichever is earlier. Interest is to be paid as and when applied including in construction period.

9. Financial Covenants :

- i. The promoters shall bring in the proposed additional capital of Rs.100.00 lacs, initially or proportionate with the progress in implementation and/or term loan disbursement.
- ii. The company shall submit a certificate from their auditors confirming that there are adequate internal accruals for investment in the proposed project, with specific details of deployment as on that date, and ready availability of such funds as and when required for the project implementation.
- iii. The promoters shall also bring in the additional capital to meet any contingent increase in the project cost.
- iv. The company shall not invest by way of share capital in or advance funds to or place deposits with any other unit including group concerns.
- v. The promoters shall not withdraw profits without prior approval of the Bank.
- vi. The present working capital limits are not diverted /used in any manner for implementation of the power project.
- vii. The company has to maintain minimum stipulated NWC.

The above covenants will be in addition to the stipulation of usual standard covenants applicable for working capital.

Charge to be registered with Registrar of Companies within 30 days of date of documents - hypothecation, mortgage, extension of charges, pari passu charges, II charge, subordinated charge etc.

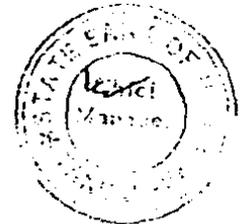


Special Covenant:

"I/We hereby agree as pre-condition of the loan/advances given to me/us by the bank that in case I/We commit default in the repayment of the loan/advances or in the repayment of interest hereon or any of the agreed instalment of the loan on due date(s), the bank and/or the Reserve Bank of India will have an unqualified right to disclose or publish my/our name or the name of our company/firm/unit and its directors/partners/proprietors/guarantors as defaulters in such manner and through such medium as the bank or Reserve Bank of India in their absolute discretion may think fit."

General covenants:

- 1) The Bank will have the right to examine at all times, the Company's books of accounts and to have the Company/Factory inspected from time to time by officer(s) of the Bank and/or qualified Auditors and/or technical experts and/or management consultants of the Bank's choice. Cost of such inspections shall be borne by the Company.
- 2) The borrower shall pay penal interest @ 1% pa, on the total outstandings in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there against:
 - i. Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of 1 year:
 - a). Current ratio of 1.90
 - b). Total gearing ratio of 1.77
 - c). Interests coverage ratio of 5.85
 - ii. Default in payment of interest or installments to the lender bank for the period of such default.
 - iii. Default in payment of interest and/or installments on due dates to any other lender for the period of such default.



Standard covenants:

- i. The Bank will have the right to examine at all times, the Company's books of accounts and to have the Company/Factory inspected from time to time by officer(s) of the Bank and/or qualified Auditors and/or technical experts and/or management consultants of the Bank's choice. Cost of such inspections shall be borne by the Company.
- ii. During the currency of the Bank's facilities, the Company will not without the bank's permission in writing -
 - a) effect any change in the capital structure.
 - b) formulate any scheme of amalgamation or re-construction
 - c) implement any scheme of expansion or acquire fixed assets.
 - d) invest by way of share capital in or lend or advance funds to or place deposits with any other concerns except in normal course of business or as advances to employees.
 - e) enter into borrowing arrangements either secured or unsecured with any other bank or financial institutions, Company or otherwise.
 - f) undertake guarantee obligations on behalf of any other company;
 - g) declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further and no default had occurred in any repayment obligations.
- iii. The Company will place with the Bank all its banking business including foreign exchange, if any, and deposits.
- iv. The Company should not make any drastic changes in its management set up without the Bank's permission.
- v. The Company will maintain its net working capital position above the levels furnished in its projections for working capital finance. In the event of any difference of opinion arising as to what constitute current assets and current liabilities, the Bank's decision will be final and binding on the Company.
- vi. The Company will keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business, if, for instance, the monthly production/ sales are substantially less than what had been indicated to the Bank, the company will inform the Bank accordingly with explanations and the remedial steps proposed to be taken.
- vii. The Company will keep the Bank advised of any circumstances adversely affecting the financial position of their subsidiaries including any action taken by any creditor against the subsidiaries.



- viii. Any other terms and conditions which are not specifically covered herein but stipulated subsequently should be strictly complied with.
- ix. The Bank will be free to suitably modify the terms and conditions detailed above whichever considered necessary, this will of course, be done in consultation with the company.
- x. In case, the company goes for Public Issue/Rights Issue etc., our Bank is not appointed lead manager for the public issues, basic rate of interest chargeable on the advance is liable to be increased by 1.00% p.a. or more at the Bank's discretion.
- xi. The working capital limits as noted above are sanctioned for a period of one year, unless renewed/extended. It may be understood by the company that unless renewed, the account will attract penal interest varying from 1 to 2.5% or more, as such it may be advised, in its own interest to submit necessary financial statements/CMA as required at least 2 months prior to the date of renewal. Further any adhoc extension/continuation will attract fresh processing charges/additional interest.
- xii. All the above facilities have been sanctioned for the purpose of company's normal working capital requirements. If the facilities are used for any other purpose or the bank apprehends that the facilities are likely to be used for such other purposes by company the bank may immediately withdraw the facilities and recall the amounts due from the company.
- xiii. As per RBI directive, sanction/permission for issuance of Commercial Paper would effectively reduce the limit to that extent.
- xiv. The credit facilities granted to are subject to the directives issued by GOI, RBI, SBI and any other regulatory authority from time to time.
- xv. In case the Bank considers that the cheques issued by the borrower are for the purposes other than that for which the credit facilities/limits have been sanctioned, those cheques are liable to be returned by the bank with the reason 'refer to the drawer'.
- xvi. In case the advances granted is utilised for the purposes other than the one for which it is sanctioned, the bank has a right to recall the advance without giving any notice. Cheques drawn favouring other banks and over Rs.5 lacs in favour of any party, would require to be explained to the satisfaction of the bank. It is to be ensured that the working capital funds are not diverted for acquisition of the fixed assets.
- xvii. A declaration -cum- undertaking to be furnished by the CEO/MD of the company, once in six months, regarding the details of accounts opened with banks outside the consortium and a under taking that the company will not open the accounts with banks outside the consortium without our prior approval.
- xviii. Bank reserves the right to cancel/withdraw the credit facilities to the company without assigning any reason.
- xix. In case of default by the company in repaying the overdues as per terms of sanction or as and when demanded, the bank will, without any references to the company, furnish to RBI for inclusion of company/its directors and guarantors names in the defaulters list.



xx. The borrower shall pay penal interest @ 1% pa, on the total outstandings in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there against:

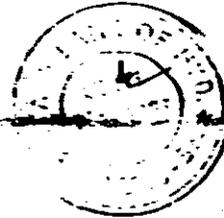
i). Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of 1 year:

- a). Current ratio of 1.90
- b). Total gearing ratio of 1.77
- c). Interests coverage ratio of 5.85

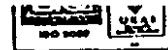
ii). Default in payment of interest or installments to the lender bank for the period of such default.

iii). Default in payment of interest and/or installments on due dates to any other lender for the period of such default.

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**ANDHRA PRADESH STATE FINANCIAL CORPORATION
HYDERABAD**
SPECIAL TERMS AND CONDITIONS TO THE SANCTION
(LIMITED COMPANY)



1. Name & Address : M/S. COASTAL AGRO INDUSTRIES LTD.
a) Regd. Office & Correspondence : P.B. N. 27
TANUKU - 534 211
WEST GODAVARI DISTRICT.
b) Location of the Unit (Existing & Proposed) : Sy.Nos. 8/2 & 8/3
K.Savaram (V)
Undrajavaram (M)
WEST GODAVARI DISTRICT
2. Loan account code no. : 73 8377 25
3. Amount of term loan : Rs.500.00 LAKHS
(Rupees Five Hundred lakhs only)
4. Purpose of term loan:

Corporation's term loan of Rs.500.00 lakhs is to meet a part of assets as provided in the scheme subject to the following limits, in addition to the term loans of Rs.250.00 lakhs each from SBI and SBH :

Description	Cost	(Rs.in lakhs)	
			Loan amt @ 71.89%
Land (Ac.18.57 cents)	Existing		
Land development	1.00		1.00
Building	158.00		113.60
Plant & Machinery	1112.00		799.40
Machinery contingencies	55.60		40.00
Erection	64.00		46.00
Total	1391.00		1000.00
Corporation's term loan			500.00
Spill over term loan from SBI			250.00
Spill over term loan from SBH			250.00
Total Loan Component			1000.00

5. Period of term loan : 8 Years
6. Method of Repayment:

In 25 equal quarterly instalments of Rs.20.00 lakhs each payable on 1st March, 1st June, 1st September and 1st December.

Repayment shall commence after 2 years from the date of disbursement of any part of the loan.

7. Notwithstanding the period of repayment allowed/st. herein and/or any other document concerning the loan, the Corporation shall be at liberty and have absolute discretion to reduce/restrict the said period commensurate with/corresponding to the period allowed by IDBI/SIDBI for repayment of its refinance and an intimation of this to the borrower without further resource to any document, would be final and binding on the borrower.

8. RATE OF INTEREST :

Interest shall be paid every quarter year ending 31st January, 30th April, 31 July and 31st October, at the following rates:

The rate of interest applicable for the sanctioned amount is @ 16% p.a.

However, as the proposal is considered under SES category, the following interest rate is applicable after allowing a concession of 0.5% under the scheme.

The rate of interest applicable for the sanctioned amount is @ 15.5% p.a.

In case any default by the company either in the repayment of interest or principal, the normal rate of interest shall be applicable.

However, in case the Corporation's lending rates undergo change before the initial disbursement is obtained by the borrower, the rate of interest prevailing on the date of such initial disbursement will be charged, subject to the other terms and conditions.

9. DEFAULT CLAUSE:

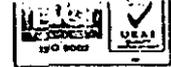
The penal/additional interest will be levied on the borrower as per the policy of Corporation from time to time for default in repayment of dues. The present penal interest rate is 1% p.a. on the defaulted amount for the defaulted period.

10. Special Interest Rebate:

The special interest rebate @ 1% p.a. will be allowed as per the rules of the Corporation for each quarter subject to the loan account being regular at the end of the quarter for which the interest demand is made.

11. Interest rate variability clause:

The Corporation reserves the right to enhance the rate of interest at its own discretion in one or more of the following circumstances without further assent from the borrower :



Reserves & surpluses :

Of the proposed internal accruals of Rs.265.43 lakhs under the scheme, 75% i.e. Rs.200.00 lakhs shall be raised and invested before any part of the Corporation's term loan is released.

Interest free unsecured loans :

The company shall raise an amount of Rs.50 lakhs by way of interest free unsecured loans to meet part of proposed equity, out of which 75% i.e. Rs.37.50 lakhs shall be raised and invested in the proposed scheme, before release of any part of the loan.

The total interest free unsecured loans of the company of Rs.137.11 lakhs as well as the interest bearing unsecured loans of Rs.117.69 lakhs shall not be withdrawn and shall remain sub-ordinated to the institutional loans.

e. After complying with the above initial investment conditions, the Corporation's term loan shall be released in proportion to the investment made by the promoters.

22. The company shall pay upfront fee @ 0.5% on term loan sanctioned before release of any part of the term loan.

23. The company shall not make any changes in civil works and specifications/sources of supply of the proposed machinery under the scheme without prior written approval of the Corporation.

24. The suppliers of major, critical and high value machinery such as Boiler, Turbo generator, fuel preparation, fuel handling, PLC based instrumentation, cooling tower and DM water plant shall submit performance guarantee of respective machinery as per specifications finalised both by the promoters and projects consultants by way of furnishing Bank Guarantee covering 10% of cost of the respective machinery up to a period of 12 months from date of competition of trial runs.

25. The project consultants shall provide Bank Guarantee for an amount equivalent to 10% of the contract value for detailed engineering services valid for a period of 12 months from the date of completion of trial runs.

26. Release of funds on DM Water storage tanks and fabricated machinery such as fuel and Ash Handling equipment, fuel preparation equipment, pipelines for steam, water compressed air etc., is subject to valuation by our Corporation's Engineer.

27. The company and supplier of Boiler shall submit a certificate from Boiler inspectorate on safety aspects of Boiler before last 25% of funds on boiler are released.



COST OF THE PROJECT :

(Rs. in lakhs)

	As per SFC	As per SBI
Land	Existing	Existing
Land development	1.40	1.40
Building	158.00	142.00
Plant & Machinery	1112.00	1219.00
Machinery contingencies	55.60 (5%)	28.60
Erection	64.00	-
Prel. & Pre-op. Exps.	111.00	111.00
Working Capital Margin	23.00	23.00
TOTAL	1525.00	1525.00

COST OF THE SCHEME (OVERALL) :

	Existing as on 31.03.02	Proposed	Overall
Land	15.44	-	15.44
Land Development	-	1.40	1.40
Buildings / Civil Works	73.03	158.00	231.03
Plant & Machinery	411.61	1112.00	1523.61
Machinery contingencies	-	55.60	55.60
Erection	-	64.00	64.00
Vehicles & Material	-	-	-
Handling Equipment	25.61	-	25.61
Office Eqpt. & Furniture	4.62	-	4.62
Investments	7.00	-	7.00
Deposits	43.28	-	43.28
Prel. & Preop. Exps.	-	111.00	111.00
Working Capital Margin	334.17	23.00	241.72
		(-) 115.45	
Total ..	914.76	1409.55	2324.31

ADVANCE PRINT SYSTEMS P. O. CO. MADRAS 600 017



37. The Corporation shall, in accordance with the accounting procedure of the Corporation which is subject to change from time to time, appropriate the payments made by the borrower either in full or part, towards repayment of the loan accounts where the borrower has multiple loan accounts, and to any element within each of the loan account, which the borrower is legitimately under obligation to pay the Corporation as per the terms of sanction and/or deed of hypothecation/loan agreement.
38. 3% premium shall be charged for pre-closure of loan account for the amounts not fallen due as per the proceedings of the Corporation.
39. The company shall make the payments to the machinery suppliers by way of cheques/DDS only.
40. The Company shall plant as many trees as possible to protect the environment at its own cost.

OTHER SPECIFIED CONDITIONS:

41. Any other condition/conditions or modification in the above stated terms that may be stipulated by IDBI/SIDBI at the time of sanctioning refinance on the term loan sanctioned to you shall also be complied with.
42. In addition to the above special terms and conditions, other general terms and conditions pertaining to Limited companies which are sent herewith will also be applicable and shall be deemed to have been incorporated in the mortgage deed and other security document executed by the company.
43. The company shall enter into firm contract with the Bio-mass suppliers for the supply of bio-mass fuels and copies of the same will be submitted to Corporation.
44. The company shall take necessary steps and safeguards for smooth implementation and operation of the Bio-mass power plant.

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ANDHRA PRADESH STATE FINANCIAL CORPORATION : HEAD OFFICE

NAME OF THE UNIT : M/S COASTAL AGRO INDUSTIES LTD.,

LOCATION : K.SAVARM VILLAGE.
UNDRAJAVARAM MANDAL WG DT.

LINE OF ACTIVITY : 4.0 MW POWER PLANT

DATE OF APPRAISAL : 03-09-2002

S.NO.	DESCRIPTION	QTY	UNIT	RATE	AMOUNT
1	Turbo Generator Block 19.30 x 12.30m	237	Sqm	Nil	Nil
a)	Ground Floor (7.00mt Height) (Piles, Pilecap RCC slab, Brick work.M.S.Windows CC Flooring etc.,)				
	RCC.M20 Concrete	307	Cum	5000	1535000
	First floor (7.00mt Height) RCC columns.AC Sheet roofing,or MS angular trussess			LS	300000
	RCC M20 Concrete	107	Cum	5000	535000
	Brick work M.S. windows MS Trussess & sheeting	100	Cum	L.S. LS	250000 200000
b)	MCC room & Air compressor (RCC Roof) (19.30 X 8.00 x 7.00)	154	Sqm	3200	492800
c)	DG set Room (RCC Roof @ 10.5m level) Staircases (external for two floors)	154	Sqm	3200 Ls	492800 30000
d)	DM Plant (5.00m height - RCC Roof) (8.00 X 20)	160	Sqm.	LS	512000
2	BOILER SECTION 21.00 X 8.00 X 5.00m (Building and boiler foundation,RCC Slab of varying thickness from 0.45m to 0.20m)				
	columns,slabs of 450 thk. 6 columns upto 7m height rest upto 5mt level using M25 Concrete	364	Cum	5500	2002000
3	COOLING TOWER				

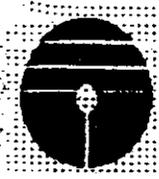
	21.00 X 10.50 5 level RCC slabs, with total height 15.00M solid/brickwork, staircase RCC M 20, 500cum @Rs.3720/- 18.60 PCC, Ex, 2.44			2104000	
	WEIGH BRIDGE				
	i) Room (RCC roof)	9	Sqm	3500	32500
	ii) Foundation (9.60 X 3.60 X 2.00) RCC raft and 150thk.walls)			Ls	85000
4	Crusher House: (RCC roof to withstand crusher weight open on all sides) 6.00 X 10.00 X 5) M25 concrete	48	Sqm	5500	264000
5	Husk Storage Shed: AC sheet roofing, CC Flooring -open) 15.00 X 30.00 X 6.00	450	Sqm	1450	652500
6	Husk Tunnel: 36.00 X 3.00 X 3.40m (M25 Concrete walls of varying thickness from 230th. RCC bottoms & top slab)	36	Rmt	16000	576000
7	Chimney & Flue Channels: 2.50m O/D at base 250thk. M35 wall, raft foundation, 5400m height	95	Cum	8500	807500
	Embodiments, flanges, MS ladders, platform Refractory lining 114 thk.			Ls	450000
				Ls	350000
7	Water Tanks				
	i) Raw water tank 30.00 X 20.00 X 2.50m (Excavation, stone pitching on CC bed)	1800	KI	200	360000
	ii) Treated water tank 8.00 X 8.00 X 4.00m 300 th. M25 M25 walls, 0.30m above GL, bottom & top slab	256	KI	1000	256000
8	Electrification				
	i) Internal electrification			Ls	300000
	ii) Yard lighting			Ls	200000
9	Sanitation & water supply OH tank			Ls	100000
10	Borewell & pipelines	2	Nos	20000	40000
11	Field supervision charges			Ls	72000
12	Field Architect fee @ 0.75%				100000
13	Site Development & Roads				

Name of the unit : M/s Coastal Agro Inds. Ltd.,
 Location : K.Savaram, Tanuku, W.G. Dist.
 Line of activity : 4.0 MW Co-generation Power Plant
 Line of machinery : Proposed

S.No	Description	Supplier	Qty.	TOTAL Amount
1.	Rice Husk / Coal fired water tube atmospheric Fluidised Bed Combustion Boiler with ESP, Deaerator, SLPC, etc. Capacity - 30 TPH Steam Temperature - 495 °C ± 5 °C Steam Pressure - 65 Ksc (As per Qtn. No.: JS:AF:1175/RS/17738, dated 24.12.01)	M/s Isgec John Thompson, Haryana	1	394.00
(a)	Pressure Reducing De-Superheater, spray water control valves, etc. ST @ 4% on 1(a)			5.00
2	Extraction Condensing Steam Turbine with Electronic Governor, Gearbox, Alternator & AVR, Coupling Condensing system, Control Panels, Lubrication system, Battery & charger Power output -- 4 MW Inlet Steam -- 27TPH @ 64Ksc at 490 °C Extraction steam -- 13TPH @ 7Ksc	M/s Triveni Engg & Inds. Ltd., Bangalore	1	303.60
	Excise Duty & CST			15.76
3	Cross flow cooling tower series 18DF, Model - 3 cell (2W + 1S), Capacity 1000 M3/hr.	M/s Paharpur Cooling Tower Ltd., Kolkata	1	17.00
	CST @ 4%			0.68
4	RO plant of capacity 15 M3/hr.	M/s Doshi Ion exchange & chemicals Inds. Ltd., Chennai	1	20.00
	Excise Duty @ 16% & CST @ 4%			4.13
5 *	Shivpra 12 Ton, capacity single girder HOT crane Length - 8.2m & Span - 11.5m Height of lift - 12m Supply of crane - 3.38 Lakhs 20m Length girder - 0.95 Lakhs 50mm Sq. bar rail - 0.20 Lakhs Total - 4.53 Lakhs	M/s Shivapra Cranes (P) Ltd., Hyd.	1	4.53
	Excise Duty @ 16% & CST @ 4%			0.94
6	Avery fully Electronic mounted Weigh Bridge 40T capacity / 5Kg resolution Platform size 9 x 3 m SL 90 Microprocessor based intelligent terminal	M/s Avery (P) Ltd., Hyd.	1	4.94
	Excise Duty @ 16% & CST @ 4%			1.02
	LED display, 80 col, DMP, UPS with battery			1.00
7 *	DCS (Distributed Control System) incl. PLC for entire plant operation incl. Control of process extraction steam (Budgetary Quotation not submitted)	M/s Honeywell, Bangalore (or) M/s Westing Home, Mumbai	1	16.50
8	12TR Air Conditioning equipment for plant control room, plant Manager, MD, etc including voltage stabiliser	M/s Voltas (or) Blue Star or any standard make	1	4.50

15	Fuel & Ash handling system			
l).	Coal & Rice Husk Handling system	M/s Hyquip Projects (P) Ltd., Hyd.		
a).	Ground Hopper for coal 5 m ³		1	1.08
b).	Rack & pinion 450mm x 450mm		1	0.18
c).	E.M. vibrating feeders 16TPH		1	0.90
d).	Ground Hopper for Rice Husk 10 m ³		1	1.08
e).	Inclined Belt conveyor BC-1 (41m Hor. Length x 13.32 m lift)		1	7.20
f).	Vibrating screen for coal 25TPH		1	3.15
g).	Recirculating Belt conveyor BC-2 (20.5m x 6.67m)		1	4.50
h).	Hammer mill 25TPH		1	4.05
i).	Vibrating screen for Rice Husk (16TPH)		1	3.15
j).	Inclined Belt conveyor BC-3 (67.5m x 21.9m)		1	14.94
k).	Rice Husk inclined belt conveyor BC-4 (31.5m x 10.25m)		1	7.11
l).	Inter connecting chutes		1	0.54
m).	Manually operated flap gate		1	0.27
n).	Suspended magnetic separator		1	1.71
o).	Metal detector cum separator		1	0.30
p).	Online weigh scale		1	2.50
II.	Ash Handling system			
a).	Chain conveyor (CC-1) 25.5m Hor. Length		1	3.40
b).	Chain conveyor (CC-1-2) 17.8m		1	4.20
c).	Rotary air lock below storage silo		1	0.81
d).	Ash conditioner 20 TPH		1	3.15
e).	Ash storage silo 62 m ³		1	3.96
16	43.5HP Kubota Diesel Engine with BOBCAT skid steer loader (Model : 75BG)	M/s Ingersoll Rand Ltd., Hyd.	1	12.75
17	Electrical (Incl. Of ED & ST)			
a).	Generator Transformer 5000 KVA, 33/11 Kv	M/s Alstom, Vizag	1	22.25
b).	Auxiliary transformer 1500 KVA, 11/433 V	do	1	5.48
c).	33Kv VCB, 630 A capacity	do	2	5.90
d).	11 Kv VCB panel comprising of 250 A VCB's with CT's, PT's metering (4Nos.) Draw out Bus PT 11 Kv / 110V, metering, termination etc.		1 set	12.85
e).	33 Kv Switchyard comprising of 36 Kv, 800A AB switch 36 Kv, 800A AB switch with earth switch 36 Kv grade 33 Kv / 110V PT 3 core 36 Kv grade 33 Kv / 110V PT 2 core 36 Kv grade 150/1/1 CT, 2 core 36 Kv grade 150/1/1 CT, 3 core 36 Kv CT100/1, 2 core		3 2 6 3 3 3 3	0.90 0.68 2.04 1.02 1.02 1.02 0.90
f).	33 Kv Lightning Arrestor comprising of 30 KB, 10 KA LA Class 2 30 KB, 10 KA LA		3 6	0.65 1.30
g).	33 Kv Relay & Protection panel comprising of Protection relays, meters, Annunciation, remote transformer control.		1	8.60
h).	33 Kv Control Relay & Protection panel comprising of Control switch of 33 Kv protection relay, 51 & 27 VAGM 11, metering		1	2.30
i).	Out door switchyard for 33 Kv CT's, PT's, 33 Kv isolator, LA, etc.		1	0.60
j).	Earthing to be provided both in plant premises & APTRANSCO extension bay, earth pits (30)		1	1.20
k).	earthing outdoor switchyard with 50 x 6mm GI flat & 28 x 3mm flats		2	0.70

LI No. 18/48



STATE BANK OF INDIA
PATAMATA
VIJAYAVADA-520 007

PHONES : 555704 555239 555734
FAX : 0866 555425
Datanet : 0866 555247

Coastal Agro Industries Limited
K. Savaram,
Tanuku,
West Godavari (A.P.)

F.No.

Date : 23rd August 2002

Dear Sir,

SANCTION OF TERM LOAN LIMIT

With reference to your application for sanction of Term loan, we have pleasure in advising that the term loan has been sanctioned to you on the terms and conditions detailed hereunder:

NATURE OF FACILITY	LIMIT(Rs in lacs)	REMARKS
FUND BASED		
TERM LOAN	250.00	-
TOTAL	250.00	

PURPOSE:

The Term loan is sanctioned to meet part cost of setting up of 4 MW Biomass based co-generation Power plant.

UTILISATION OF ADVANCE:

The Bank finance should be utilised strictly for the project as detailed in the application and in the manner prescribed.

TERMS OF REPAYMENT:

The term loan is repayable in 22 quarterly instalments, i.e., 21 quarterly instalments of Rs.11.36 lacs and the final instalment of Rs.11.44 lacs commencing from six months after the declaration of the commercial production or March 2004, whichever is earlier.

Measurable, interest to be met as and when applied



For COASTAL AGRO INDUSTRIES LTD,

[Signature]
M. K. VENU SWARA RAO
Managing Director



[Signature]

[Signature]

INTEREST:

2.25% below/above SBMLR, presently 13.75% per annum with monthly rests. The rate is subject to revision as per the directives of the Bank/RBI.

PENAL INTEREST :

Penal interest is recoverable at the rate of 2% above interest chargeable on the advance under the following circumstances.

- i. Irregularity in the Term Loan Account.
- ii. Non-submission/delay in submission of financial statements.
- iii. Non-compliance of any of the terms of sanction.

Other Fees/Upfront fee:

Upfront fee @ 1% of the term loan sanctioned and Rs.10,000/- towards Equitable Mortgage service charges. (Rs.250,000/-+Rs.10,000/-).

SECURITY:

I. PRIMARY:

Pari passu first charge on the existing and proposed fixed assets of the company. The first pari passu charge shall be shared with APSFC/any other lending Bank or FI, for the remaining term loan of Rs.750.00 lacs to be sanctioned by them.

ii. COLLATERAL:

Equitable Mortgage of immovable properties worth Rs.32.50 lacs.

iii. GUARANTEE:

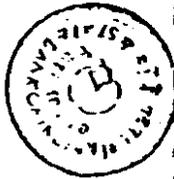
- Personal guarantee of
- a) Shri Ch. K. Vishweshwar Rao
 - b) Shri Ch.Ramakrishna
 - c) Personal guarantee of the owners of the properties mentioned under the collateral security.

MARGINS:

Buildings	40%
Machinery & Equipment	25%

INSURANCE:

Machinery & Equipment and Buildings under charge to the Bank should be fully insured for full market value against the risks in the joint names of the Bank, APSFC/any other lending Bank or FI and the Company, with the insurance company approved by the Bank and the relative policies deposited with the Bank.



For COASTAL AGRICULTURAL INDUSTRIES LTD.

[Signature]
CH. K. VISHWESHWAR RAO
MANAGING DIRECTOR



[Signature]

[Handwritten number]

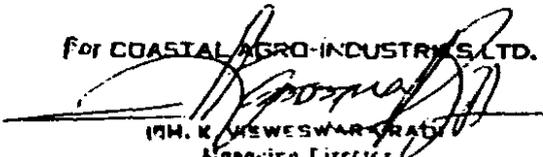
TERM LOAN LIMIT

Company : Coastal Agro Industries Limited

The above advance is sanctioned towards the purchase of machinery and equipment which will be decided in consultation with APSFC/any other Bank/FI financing the remaining part of the Term loan required (hereinafter referred to as other lender), payment of which will be made by us direct to the suppliers.

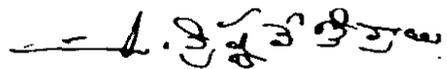
2. The advance sanctioned is primarily secured by the pledge of existing and proposed machinery and equipment on pari-passu basis with the other lenders.
3. The documents stipulated by the Bank in connection with the disbursement of this advance have to be executed by the Company and the guarantor(s). The stamp duty on these documents has to be borne by the Company.
4. A statement of expenditure is to be submitted to the Bank after the Term Loan is completely availed.
5. The Company must certify at half-yearly intervals, that the machinery are in a good working condition and that they are being properly maintained.
6. None of the machinery/equipment should be disposed of by you in any way except with the Banks prior consent in writing.
7. A list of the machinery pledged to the Bank with a certificate appended to the effect should be predominantly displayed on the factory premises, where the machinery are installed.
8. These terms and conditions are supplemental to those contained in the documents, referred to clause 3 above, to be executed by you and the guarantors.

For COASTAL AGRO-INDUSTRIES LTD.


M. K. MEWESWAR
Managing Director







3. The company should maintain proper books of accounts and should correctly reflect its financial position and scale of operations and should not radically change its accounting system without prior notice to the bank.
4. The company should submit to the Bank such financial statements as may be required by the Bank from time to time, apart from the set of such statements to be furnished by the company to the Bank as on the date of publication of the companies annual accounts.
5. The company shall keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business; for instance, the monthly production or sales are substantially less than what had been indicated to the Bank, the company will inform accordingly with explanations and the remedial steps proposed to be taken.
6. The company shall keep the bank advised of any circumstance adversely affecting the financial position of their subsidiaries/group companies or companies in which it had invested, including any action taken by any creditor against the said companies legally or otherwise.
7. Monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances will not be allowed to be repaid by the company without the Bank's prior permission in writing. Further, the rate of interest if any, payable on such deposits/loans/advances should be lower than the rate of interest charged by the bank on its term loan and payment of such interest will be subject to regular payment instalments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the company to the Bank.
8. The Bank will have first charge on the profits of the company, after provision for taxation, for repayment of instalments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligation, if any, due from the company to the Bank.
9. The Bank will have the option of appointing its nominee on the Board of Directors of the company to look after its interests. The company will defray the director's normal fees and expenses. Such director shall not be required to hold qualification shares and shall not be liable to retirement so long as the credit facilities granted by the bank to the company are outstanding. When the option is exercised by the Bank, the company shall submit sufficiently in advance agenda papers relating to meetings of the Board of Directors or any committees thereof and forward duly certified copies of the proceedings of such meetings. The Bank will have the right to appoint a nominee to attend the meetings of shareholders; where the right is exercised, the agenda papers and proceedings should be sent to the Bank sufficiently in advance.



FOR COASTAL AGRICULTURAL INDUSTRIES LTD.

(CH. K. VIVEKWARA RAO)
Managing Director.



no Common Seal of the Company is
and vide board resolution dated 28-12-2007
in presence of Mr. Ch. K. Vivekwarao Rao
Rameshwar Rao and Sri. Venkatesh

[Handwritten signature]
2. 3. 3. 2. 2. 2. 2.

ASIA BIO ENERGY (INDIA)LTD.





168/ URB/ 03

February 6, 2003

Mr Vinay Deodhar
Project Finance Specialist
Global Environment Team
THE Louis Berger Group, INC.
C-6/7, Safdarjung Development Area
New Delhi - 110 016

Dear Sir,

Waste to Energy Project at Lucknow - Asia Bio Energy (India) Limited

With reference to the tele conversation we had recently on the subject project, we wish to inform that IDFC has participated in part financing the project by way of rupee term loan and equity contribution assistance.

We at IDFC firmly believe that, with the rapid pace of urbanisation and industrialisation, efficient collection and effective disposal of solid waste are posing a challenge to local governments all over India. Therefore, the project that envisages setting up facilities for converting solid waste to energy provides probably the optimal and holistic solution for managing municipal solid waste. Further, the positive environmental spin-off from these projects adds to the value creation.

IDFC is witnessing a steady progress at the plant site and at this juncture we believe that the mechanical completion of the project should be achieved in the very near term.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Jayalakshmi Jayaraman'.

Jayalakshmi Jayaraman
(Vice President - Operations)

GLOBE COGENERATION POWER LTD.



पावर फाइनेंस कारपोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

Loan No. G0701001

September 04, 2002.

No.PD/SR/GCPL

Mr. V.K.Agrawal
Chairman
Globe Cogeneration Power Limited
201, T.V. Industrial Estate,
Worli, Mumbai - 400 025

Sub: Financial assistance for M/s Globe Cogeneration Power Limited (GCPL) for 45 MW (site) bagasse based cogeneration power plant to be set up in Belgaum district of Karnataka

- Ref: (i) M/s GCPL's letter dated 05.12.2001 to PFC seeking financial assistance from PFC.
(ii) PFC's letter dated 30.05.2002 to M/s GCPL intimating shortlisting of the project by PFC for detailed appraisal

Dear Sir,

With reference to your application for financial assistance vide letter cited at reference above and further correspondences and discussions you had with us for setting up 45 MW (site) bagasse based cogeneration power plant in Bolgaum district of Karnataka, we are pleased to inform that Power Finance Corporation Ltd. is agreeable, in principle, to provide to M/s GCPL a rupee term loan of Rs. 75.25 crores (including Rs. 3.85 crores on account of sugar mill modernisation works) on the following terms and conditions:

1. The above said facilities are subject to the terms and conditions and General conditions placed at *Annexure-A* and the Special terms and Conditions placed at *Annexure -B* which are deemed to be a part of this letter of sanction.
2. The loan shall be repaid in 32 equal quarterly instalments. The first repayment shall fall due on the standard date of PFC falling immediately after the completion of six months from the scheduled date of commissioning of the project. The scheduled date of commissioning will be stipulated in the loan agreement.
3. M/s GCPL shall enter into a loan agreement with PFC in the format enclosed at *Annexure-C*.



पावर फाइनेंस कारपोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

Loan No. G0701001

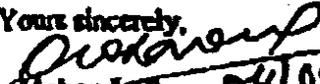
4. In case the terms and conditions are acceptable to you, you may furnish to us within 30 days of receipt of this letter two certified copies of the resolutions duly passed by the Board of Directors of your Company as per the Performa in *Annexure-D*.
5. Your attention is also invited to *Annexure-B* of this letter which lists the various documents that are required to be submitted by you in connection with the said financial assistance.
6. This communication not in any way be construed as giving rise to any binding obligation on the part of PFC unless M/s GCPL communicates to PFC within 30 days from the date of receipt of this letter that the terms and conditions set out herein are acceptable to it and unless the Loan Agreement and the Guarantee Agreement and other documents relating to the above assistance are executed by M/s GCPL in such form as may be required by PFC within six months from the date of this letter or such further time as may be allowed by PFC in its absolute discretion.

One set of formats for (i) undertaking for non-disposal of shareholding, (ii) deed of corporate guarantee and (iii) declaration in the matter of mortgage/hypothecation are also enclosed as *Appendix-F*.

Meanwhile kindly acknowledge the receipt of this letter.

Thanking you,

Yours sincerely,


(Mohan Lal) 04/09/2002

Manager (PA-SR) & State Co-ordinator (Karnataka).

Copy for information to:

1. The Principal Secretary to Government of Karnataka, Energy Department, M.S. Building, 5th Floor, Bangalore-560001
2. Chairman, KPTCL, Cauvery Bhawan, Bangalore-560009
3. Chairman, KREDL, Queen's Road, Bangalore-560052
4. GM(L&D), PFC—alongwith a copy of terms and conditions
5. GM(LD&R), PFC—alongwith a copy of terms and conditions
6. AGM(P&FO), PFC—alongwith a copy of terms and conditions
7. AGM(LAD), PFC
8. AGM(CMIS), PFC

SAINATH POWER CONCEPTS LTD





पावर फाइनेंस कारपोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

No.PD/SR/SPCL

June 13, 2003.

Mr.K.Surendranath,
Director,
Sainath Power Concepts Pvt. Ltd.
Flat No. 501, Ganga Residency,
Plot No. 54, Sri Nagar Colony,
Hyderabad – 500 073(A.P.)

Sub: Financial assistance for M/s Sainath Power Concepts Pvt. Ltd. setting up 6 MW biomass based project in Adilabad district, Andhra Pradesh.

- Ref: (i) M/s SPCL's letter dated 20th March 2002 to PFC seeking financial assistance from PFC.
(ii) PFC's letter dated 18th October 2002 to M/s SPCL intimating shortlisting of the project by PFC for detailed appraisal

Dear Sir,

With reference to your application for financial assistance vide letter cited at reference above and further correspondences and discussions you had with us for setting up 6 MW (site) biomass based power plant in Adilabad district of Andhra Pradesh, we are pleased to inform that Power Finance Corporation Ltd. is agreeable, in principle, to provide to M/s SPCL a rupee term loan of Rs. 10 crore on the following terms and conditions:

1. The above said facilities are subject to the terms and conditions and General conditions placed at *Annexure-A* and the Special terms and Conditions, security package placed at *Annexure - B* which are deemed to be a part of this letter of sanction.
2. The loan shall be repaid in 32 equal quarterly instalments. The first repayment shall fall due on the standard date of PFC falling immediately after the completion of six months from the scheduled date of commissioning of the project. The scheduled date of commissioning will be stipulated in the loan agreement.
3. M/s SPCL shall enter into a loan agreement with PFC in the format enclosed at *Annexure-C*

4. In case the terms and conditions are acceptable to you, you may furnish to us within 30 days of receipt of this letter two certified copies of the resolutions duly passed by the Board of Directors of your Company as per the Performa in *Annexure-D*.
5. Your attention is also invited to *Annexure-E* of this letter which lists the various documents that are required to be submitted by you in connection with the said financial assistance.
6. This communication not in any way be construed as giving rise to any binding obligation on the part of PFC unless M/s SPCL communicates to PFC within 30 days from the date of receipt of this letter that the terms and conditions set out herein are acceptable to it and unless the Loan Agreement and other documents relating to the above assistance are executed by M/s SPCL in such form as may be required by PFC within six months from the date of this letter or such further time as may be allowed by PFC in its absolute discretion.

One set of formats for (i) undertaking for non-disposal of shareholding, (ii) deed of corporate guarantee and (iii) declaration in the matter of mortgage /hypothecation are also enclosed at *Appendix-F*.

Meanwhile kindly acknowledge the receipt of this letter.

Thanking you,

Yours sincerely,


(D. Ravi)

AGM (PA-SR) & State Coordinator (AP)

Copy for information to:

1. The Principal Secretary (Energy), Govt. of Andhra Pradesh, Secretariat, Hyderabad - 500082.
2. The Member (Planning), CEA, Sewa Bhawan, R. K. Puram, New Delhi.
3. The Advisor (Energy), Planning Commission, Yojana Bhawan, Parliament Street, New Delhi.
4. Chairman and Managing Director, APTRANSCO, Vidyut Soudha, Hyderabad - 500082.
5. Director (Transmission), APTRANSCO
6. Director (Distribution), APTRANSCO
7. GM (L&D), PFC - alongwith a copy of terms and conditions
8. GM(LD&R), PFC - alongwith a copy of terms and conditions
9. AGM (P&FO), PFC - alongwith a copy of terms and conditions
10. AGM(IAD-IPP), PFC- alongwith a copy of terms and conditions
11. AGM (CMIS), PFC

Annexure-B

Pre-Commitment Conditions:

Before the assistance from PFC become effective, the Company shall, to the satisfaction of PFC:

1. Provide first charge on immovable and movable assets of the project to the lenders on pari passu basis.
2. Provide personal guarantee of Sri S.Chandra Reddy, Sri.K. Surendranath, Smt. M. Vijaya Chandra Kalyani , K. Varalakshmi along with documents w.r.t title and valuation of property.
3. Provide default escrow on the revenue of Murali Mohana Boiled and Raw Rice Mill Pvt Ltd (on standard terms) equivalent to a minimum of 1.25 times of the quarterly loan installment including interest payable during the repayment period through a tripartite agreement.
4. Provide corporate guarantee of Murali Mohana Boiled and Raw Rice Mill Pvt Ltd.
5. Provide an undertaking to PFC from the promoters stating that they would meet the full amount of cost overrun, if any, from their own resources or through unsecured loans.
6. The technical configuration and the package contracts will be reviewed by Lenders Engineer and Lenders Legal Counsel. PFC reserves the right to insist on the recommended changes(if any).
7. Tie up the balance requirement of debt i.e Rs. 4 crores from other financial institutions/banks.
8. Submit plans ensuring effective O&M of plant for review by PFC/Lenders Engineer.
9. Agree that the preliminary expenses shall be allowed as part of the project cost only to the extent they are certified by concurrent auditors/lenders Engineers that they relate to the proposed project only and as accepted by PFC.
10. Enter into an agreement with PFC for meeting the expenses on Lenders Engineer, Lenders Legal Counsel, Concurrent auditors, Insurance Consultant appointed by PFC.
11. Finalize a suitable insurance package acceptable to PFC.
12. Obtain statutory clearances and in specific forest clearance, civil aviation clearance for chimney height and permission for drawl of water.
13. Pay the fees (applicable as per the PFC policy) to PFC for assuming the role of the Lead FI.

Pre-disbursement conditions:

Before seeking disbursement of assistance sanctioned, the Company shall to the satisfaction of PFC comply with the following conditions:

1. Submit the shareholder's agreement.
2. Pledge of total shares held/ to be held by promoters / promoters directors of SPCPL as security for the loan which shall in no case be less than 51% of total share capital of the company.
3. 100% upfront equity contribution (amounting to Rs. 6.5 crore) to be brought in by all the equity contributors in form of investments in the project/ cash.
4. Modify the memorandum and article of association to enhance the authorized share capital and borrowing power as envisaged in means of financing.
5. Comply with the following conditions precedent in PPA :

- The company shall fulfil the conditions of Agreement entered with NEDCAP and obtain extensions wherever required till the Project is completed..
- 6. Open a trust and retention account (TRA) in a bank through which all cash inflows/outflows shall be regulated to the satisfaction of PFC The entire loan amount by all lenders and balance equity (unspent equity as on the date of opening of TRA) would flow in the TRA. At the operational stage of the plant, all proceeds from the sale of power to flow into this account. The proceeds shall be utilised, both at construction and operation stage, in a manner and priority to the satisfaction of Lenders. The Company shall appoint a Trust and Retention Agent approved by PFC and enter into a separate agreement for the same.
- 7. Constitute a Project Review Committee of Promoters/Engineers/Lenders for monitoring the progress and ensure smooth implementation of the project.
- 8. Submit documents for proof of the ownership of the land.
- 9. Agree that PFC shall be entitled to appoint upto two nominees on the Board of Directors of SPCPL during the currency of financial assistance.
- 10. Agree not to undertake any new major investment on project or liabilities in terms of assets on lease without prior approval of PFC during the currency of the proposed loan.
- 11. Undertake to furnish to PFC at the beginning of each financial year (FY), firmed up monthly fuel cost for the current year and projections for the next year.
- 12. Agree that PFC shall have the right to appoint an Independent Consultant and Fuel Monitoring Committee of Promoters/Engineers/Lenders during currency of loan at the cost of the borrower to review the availability, pricing and procurement of biomass for the project.
- 13. Agree that the disbursement schedule approved by PFC would be applicable for regulating disbursement.

Other special conditions:

The company shall to the satisfaction of PFC comply with the following conditions :

1. Submit an undertaking that it will obtain all non statutory clearances as and when required.
2. Shall obtain prior approval of PFC for utilising the amount of the loans equivalent to the contingency provision in the cost of the project.
3. Undertake to furnish to PFC such information as may be required by PFC to review that the physical progress of the project as well as expenditure incurred on the project.
4. Agree that in case the company obtains any benefits from MNES the same shall be credited to the TRA. Further agree that in the event of default by the borrower, the subsidy amount received from MNES Government of India shall be recoverable along with the applicable penalty and pari passu charge shall be created on the assets for the recovery of subsidy as well as applicable penalty.
5. Appoint technical, financial and other executives with suitable qualifications and adequate experience for the key posts and put in place an organisational set-up adequate enough to ensure smooth implementation and operation of the project.
6. Agree that any favourable terms and conditions of sanction stipulated by other participating Indian/ foreign institutions/banks shall be applicable to the proposed sanction as well to the extent they are relevant.

7. Make satisfactory arrangements with its bankers for meeting its working capital requirements and shall furnish a letter from its bankers in this regard.
8. Demonstrate that suitable arrangements have been made for power evacuation from the project.
9. Agree that PFC, at its absolute discretion, shall have the right to stipulate any other condition it may desire prior to financial closure.
10. Provide an undertaking that SPCPL and all other contracted parties have complied with all the conditions precedent in all the project documents and in various statutory & non-statutory clearances of the project.

PIONEER GENCO LTD





CONFIDENTIAL

July 11, 2003

Pioneer Genco Limited
703, Sriniketan Colony
Road No. 3, Banjara Hills
Hyderabad - 500 034

Dear Sirs,

Application for financial assistance

Please refer to your application for financial assistance and the subsequent correspondence / discussions your representatives had with us regarding financial assistance to provide rupee debt assistance to the extent of Rs. 58 crore for construction, erection and commissioning of 21 MW (3 x 7) run-of-the-river hydroelectric power project on the banks of the river Cauvery located near Shivanasamudram village, Malavalli Taluk in Mandya District of Karnataka.

The proposal has been considered and Infrastructure Development Finance Company Limited (IDFC) is in-principle agreeable to grant to you Rupee debt assistance upto the extent of Rs. 58 crores (hereinafter referred to as "the Rupee Debt").

1. All the appendices are deemed to be a part of this Letter of Intent.
2. The aforesaid Rupee Debt is subject to the terms and conditions set out in Appendix I hereto and would further be subject to the conditions set out in the Rupee Debt Agreement to be finalized at a later date.
3. In case the above terms and conditions are acceptable to you, you may furnish to us within 30 days from the date of receipt of this Letter of Intent two certified copies of the resolutions duly passed by your Board of Directors as per pro forma in Appendix II.

Appendix 1

Indicative terms and conditions of sanction

A. Financial Terms

1. Financial Assistance

Rupee debt assistance to the extent of Rs.58 crore (Rupees fifty eight crore) (hereinafter referred to as "the Rupee Debt").

2. Project / Purpose

The proceeds of the Rupee Debt shall be utilized towards construction, erection and commissioning of the 21 MW Pioneer Genco Limited's (hereinafter referred to as the Company) hydro power project located on the banks of the Cauvery river near Shivanasamudram village, Malavalli Taluk in Mandya District of Karnataka (hereinafter referred to as "the Project").

3. Estimated project cost and means of finance

(Rs. in crore)

Particulars	Total
Project Cost	88.0
Means of finance	
- Equity	30.0
- Rupee debt from IDFC	58.0
Total	88.0

4. Interest

- (i). The Company shall pay to IDFC interest on the principal amounts of the Rupee Debt outstanding from time to time, quarterly in arrears on January 15, April 15, July 15 and October 15 each year (each an Interest Payment Date) at the rate of 11.50 % per annum. Such interest shall be payable from the first Interest Payment Date falling after the date of first disbursement.
- (ii). IDFC shall have the right to reset aforesaid interest rate in respect of the Rupee Debt on the expiry of five years and one day from the date of first disbursement (the "Reset Date") by giving 60 days prior notice to the Company. The Company shall pay interest at such reset rate as may be notified by IDFC to the company.

9. Prepayment

The Company shall have the option to prepay the outstanding amount of the Rupee Debt Assistance on the Reset Date without payment of any prepayment premium by giving 45 days prior written notice to IDFC. Any prepayment of the Rupee Debt except on the Reset Date shall be by giving a prior written notice of not less than 90 days to IDFC and subject to payment by the Company of Prepayment Premium calculated as under.

The Prepayment Premium shall be an amount expressed as:

$$[\text{Max} \{ (0), (C + \text{NPV}(B, \text{CF}_i)) \}]$$

where:

i = number of years remaining from date of prepayment to the last date of repayment,

$$\text{CF}_i = \text{CF}_{iA} - \text{CF}_{iB}$$

CF_{iA} = stream of cash flow, calculated as the post-tax income for IDFC from the interest payable on the outstanding loan amount in the year i , as per the original repayment schedule, @ A, with the income tax benefit under section 36 (1) (viii).

CF_{iB} = stream of cash flow, calculated as the post-tax income for IDFC from the interest payable on the outstanding loan amount in the year i , as per the original repayment schedule, @ B, without the income tax benefit under section 36 (1) (viii).

A = contractual rate of interest on the debt assistance payable by the Company to IDFC.

B = yield on Government of India Security for the number of years remaining from date of prepayment to the last date of repayment. (For a broken period in a year, the rate of interest will be on a proportionate basis).

C = Additional income tax payable, if any, by IDFC on the interest income earned from the date of disbursement(s) till the date of prepayment (due to non-availability of Income tax benefit under Section 36 (1)(viii), as a result of prepayment).

10. Interest tax, levies & duties

All rates of interest mentioned herein are exclusive of interest tax and/or any such other levies / duties. Such interest tax / other levies / duties, if any, applicable, shall be payable by the Company to IDFC over and above the rates mentioned hereinabove

11. Security

The Rupee Debt together with interest, liquidated damages, costs, charges expenses and all other monies whatsoever payable by the Company shall be secured by:

- (a) A first charge and mortgage in favour of the IDFC in a form satisfactory to IDFC of all the Company's immovable properties, present and future;
- (b) A first charge by way of hypothecation in favour of IDFC of all the Company's movables, including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created /to be created in favour of the Company's bankers on the Company's stocks of raw materials, semi-finished and finished goods and consumable goods for securing the borrowings for working capital requirements in the ordinary course of business;
- (c) A first charge in favour of IDFC on Company's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future;
- (d) A first charge in favour of IDFC on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future;
- (e) A first charge by way of assignment or creation of charge in favour of IDFC of (i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents (including but not limited to the Power Purchase Agreement, the Equipment Procurement and Construction (EPC) Contract, O&M Contract), duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; (ii) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the right title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents and (iv) all Insurance Contracts/Insurance Proceeds;
- (f) A first charge on the Trust and Retention Account, Debt Service Reserve Account and other reserves and any other bank accounts of the Borrower wherever maintained;
- (g) Pledge of shares held by the Sponsors (Penna Cements Ltd., Sriba Industries Ltd., M/s. Pioneer Builders and Associates) in the equity share capital of the Company representing 100% of the total paid up equity share capital of the Company in dematerialized form.
- (h) IDFC reserves the right to modify the above security structure in its absolute discretion, prior to financial closure/execution of financing documents.

B. Pre Commitment Conditions

The obligation of IDFC to commit the Rupee Debt shall be subject to the Company complying with the conditions given below to the satisfaction of IDFC.

1. The Company shall have obtained all approvals from the Government of Karnataka (GoK) / Karnataka Power Transmission Corporation Ltd. (KPTCL) for setting up of the Project.
2. PGL shall have entered into Power Purchase Agreement approved by Karnataka Electricity Regulatory Commission (KERC) with Karnataka Power Transmission Corporation Ltd. (KPTCL) for the Project to the satisfaction of IDFC.
3. The Company shall have obtained and submitted to IDFC the Environmental clearance from the Department of Forest, Environment and Ecology of Govt. of Karnataka.

C. Pre-disbursement Conditions

The obligation of IDFC to make disbursements out of the Rupee Debt shall be subject to the Company complying with the conditions given below. The Company shall have:

1. Increased the authorised share capital of the Company in line with the means of financing for the Project;
2. Confirmed that 50% of its equity share capital (aggregating to Rs. 15 crore) is paid up prior to seeking first disbursement towards the Rupee Debt and obtained firm commitments by means of an acceptable credit support for the balance equity of 50% aggregating to Rs. 15 crore;
3. Procured and furnished an undertaking from Sponsors to the effect that any shortfall in the resources of the Company for completing the said Project and overrun in the cost of the Project due to any circumstances shall be met by Sponsors by infusion of fresh equity / preference capital / unsecured interest free loans/ subordinated debt, without recourse to IDFC;
4. Procured and furnished an undertaking from the Sponsors for non-disposal of their respective shareholding in the share capital of the Company during the tenure of the Rupee Debt without prior written approval of IDFC;
5. Entered into a contract with Boving Fouress Limited for Design, Manufacturing, Supply & Commissioning of Electro Mechanical Equipment and with Pioneer Builders for civil works on terms and conditions to the satisfaction of IDFC

6. Submitted copy of following approvals:
 - Approval for use of explosive
 - Permission from the state irrigation department for the project
7. Prepared and submitted to IDFC an implementable environment management plan, with allocation of resources and responsibilities, to ensure that environment, health and safety measures as stipulated in REIA report are implemented both during construction an operation phase of the project, as also the conditions/provisions stipulated in various clearances/consents.
8. Prepared an emergency management plan and Health & Safety policy to the satisfaction of IDFC.

D. Other Conditions

1. The Company shall, to the satisfaction of IDFC,
 - i. Carry out such alterations to its Memorandum and Articles of Association as may be required by IDFC (including but not limited to incorporation of clause providing for the appointment of nominee directors of banks and financial institutions on the Company's Board) and transfer of shares pledged with IDFC;
 - ii. Open a Trust & Retention Account (TRA) into which the Company shall deposit all its cash inflows from the Project to be utilised / applied in a manner and priority to be stipulated in the Trust and Retention Account Agreement. For this purpose, the Company shall have appointed an acceptable scheduled commercial bank as a Trust and Retention Agent and enter into a Trust and Retention Account Agreement;
 - iii. Open and maintain a Debt Service Reserve Account (DSRA) to meet the debt service requirements and create a debt service reserve for the amount equivalent to the ensuing two quarters' principal and interest payment due to IDFC. Provided, that all available cash flows after meeting debt service obligations shall be applied towards the Debt Service Reserve till it reaches an amount equivalent to ensuing two quarters principal and interest payment due to IDFC. The amounts accumulated in the DSRA shall not be used for any purpose other than for servicing of Rupee Debt. The amount in the DSRA would be utilised only in case of a shortfall in cash flows for meeting debt service requirements from time to time. No payments of dividend to equity shareholders, interest or repayments to the providers of subordinate debt, if any, shall be made until the required appropriations / replenishments are made to the DSRA, to the satisfaction of IDFC. The Company shall



name of the Company and its Directors to the Reserve Bank of India (RBI). The Company shall give its consent to IDFC and / or RBI to publish its name and the name of its Directors as defaulters in such manner and through such medium as IDFC in its absolute discretion may deem fit

2. The Company shall not without the prior written approval of IDFC:
 - i. Make any modifications to any of the Project Documents;
 - ii. Undertake any new project, or augment, modernise, expand, or otherwise change the scope of the Project;
 - iii. Exceed the long term debt: equity ratio of 1.94:1 for the Project.
3. IDFC would conduct one or more reviews of the Project before completion of the Project. The Company would provide all necessary information to IDFC as may be required for this purpose.

If, as a result of such review, IDFC determines that the company has not implemented/nor is likely to implement the Project within the Project Cost and/or in accordance with the Financing Plan and/or the Company has not commenced/nor is likely to commence commercial operations after implementation of the proposed project by the completion date, IDFC may revise the terms of sanction and stipulate such additional conditions (including strengthening of the management set up, change in means of financing, raising of additional equity capital/other interest free unsecured funds from the Promoters) as IDFC in its absolute discretion may deem fit and require the company to take such measures as may be stipulated by IDFC in the light of the revised cost of the Project/Mean of Finance/date of commencement of commercial operations.
4. IDFC shall retain the right to advance the repayment of the Rupee Debt in the event of the cash flows of the Company being adequate for such advancement.
5. IDFC reserves the right to appoint a reputed engineering firm/consultant as "Lenders' Engineer" for monitoring and reporting on the progress of the project during the construction as well as the operations phase directly to IDFC. All costs/expenses for the same shall be borne by the Company.
6. IDFC shall have a right appoint a nominee director on the Board of Directors of the Company, during the currency of the Rupee Debt. The Company shall suitably amend its Articles of Association to provide for such appointment.

7. Company shall submit the authorization for handling and disposal of waste oil under 'Hazardous Waste (Management & Handling) Amendment Rules 2002' once the plant is operational.
8. Company shall obtain and submit 'consent to operate' the plant from local pollution control board once the plant is operational.
9. The Project shall, at all times during the currency of the assistance, comply with the environmental, health, safety and social (EHSS) requirements specified below:
 - (a) Ensure compliance with provisions of all applicable legislation, and clearances issued there under, and maintenance of documents to be able to demonstrate compliance with the same.
 - (b) Ensure compliance with all conditions stipulated in the State and Central environmental clearances obtained by the company for the project.
 - (c) Report to IDFC on the environment, health and safety status of the project as per the format to be specified by IDFC.
 - (d) Provide the requisite information (if required) and provide access to IDFC or a consultant appointed by IDFC to carry out periodic Environment & Social Monitoring and Review (ESMR) of the project.
 - (e) Forward copies of any relevant internal or consultant's reports or annual reports on the environmental status and performance of the operations.
 - (f) Ensure compliance with specified recommendations made by IDFC following ESMR report.

37	15-Oct-14	1.93
38	15-Jan-15	1.93
39	15-Apr-15	0.97
40	15-Jul-15	0.97
	Total	58.00

Appendix II

Resolutions to be passed at a meeting of the Board of Directors of the Borrower for acceptance of the terms and conditions of letter of intent and execution of documents.

The Chairman informed the Board that arrangements have since been made with Infrastructure Development Finance Company Limited (IDFC) for part financing the construction, erection and commissioning of 21 MW (3 x 7) run-of-the-river hydroelectric power project on the banks of the river Cauvery located near Shivanasamudram village, Malavalli Taluk in Mandya District of Karnataka and that IDFC has agreed, in principle to provide rupee term loan to the extent of Rs. 58 crore.

After some discussions, the following resolutions were passed;

1 "RESOLVED

1. That the Company do accept the offer of IDFC to grant to the Company rupee debt assistance of Rs. 58 crore (the financial assistance) on the terms and conditions contained in the Letter of Intent dated ----- received from IDFC (a copy whereof duly signed by the Chairman for the purpose of identification has been circulated to the Board placed on the table of the meeting.
2. That the following directors viz. Shri -----, Shri -----, Shri ----- and Shri ----- be and are hereby authorised severally to convey to IDFC acceptance on behalf of the Company of the said offer of financial assistance on the terms and conditions contained in the Letter of Intent dated ----- and agree to such changes and modifications in the said terms and conditions as may be suggested and acceptable to IDFC from time to time and to execute such deeds, documents and other writings as may be necessary or required for this purpose.
3. That the Company do borrow/avail from IDFC the financial assistance on the terms and conditions to be set out in the Loan Agreement, Deed of Hypothecation and any other financing/security documents to be entered into between the Company and IDFC including the special terms and conditions mentioned in the Letter of Intent dated ----- received from IDFC.
4. That the following directors viz. Shri -----, Shri ----- and Shri ----- be and hereby authorised to approve on behalf of the Company the Loan Agreement, Deed(s) of Hypothecation and all such other documents including Security Documents to be executed, accept and finalise on behalf of the Company the said documents and writings together with such modifications as may be required by IDFC in connection with the above financial assistance.

5. That the Common Seal of the Company be affixed to the stamped engrossment(s) in duplicate of the Loan Agreement and Deed of Hypothecation (as per the forms to be settled by IDFC with such modifications as may be agreed between IDFC and the Company) in presence of any one of the following directors viz Shri _____, Shri _____ and Shri _____ who shall sign the same in token thereof.
6. That the Company shall execute the Loan Agreement and Deed of Hypothecation and such other documents including Security Documents relating to the financial assistance within the period stipulated by IDFC condition being that till such Agreement(s) is/are executed, there is no binding obligation or commitment on the part of the IDFC to advance any money or incur any obligation there under.
7. That the Common Seal of the Company be affixed to the stamped engrossment(s) of the Deed of Hypothecation and to such other documents including Security Documents as may be required to be executed under the Common Seal of the Company in favour of IDFC to secure the aforesaid financial assistance in the presence of any one of the following directors, viz. Shri _____, Shri _____ and Shri _____ who shall sign the same in token thereof.
8. That Shri _____, Shri _____ and Shri _____ - Directors of the Company be and are hereby severally authorised to accept amendments to such executed Loan Agreement, Deed of Hypothecation and other documents including Security Documents as and when become necessary and to sign letter(s) of undertakings, declarations, agreements and other papers which the Company may be required to sign for availing of the aforesaid financial assistance and if so required the Common Seal of the Company be affixed thereto in the presence of any one of the said Directors, who shall also sign the same in token thereof.
10. THAT as stipulated by Infrastructure Development Finance Company Limited (IDFC) the Company do request the Sponsors (Penna Cements Ltd., Sriba Industries Ltd., Ms. Pioneer Builders and Associates) to execute an Agreement for Pledge of Shares for securing the repayment by the Company of the rupee debt and the disbursement(s)/interim disbursement(s) from/against the financial assistance of Rs. 58 crore sanctioned to the Company by IDFC together with interest, and all other moneys payable by the Company to IDFC; an Agreement for Pledge of Shares to be executed in such form and manner as may be required by the IDFC.

NOTE: - The Common Seal to be affixed as per the provisions of the Articles of Association of the Company.

CHATTISGARH ELECTRICITY Co.



CONFIDENTIAL

September 23, 2003

Chhattisgarh Electricity Company Limited
125-B, Mittal Court
Nariman Point
Mumbai - 400021

Dear Sirs,

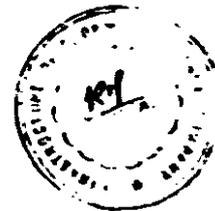
Application for financial assistance

Please refer to your application for financial assistance and the subsequent correspondence / discussions your representatives had with us regarding financial assistance to provide rupee debt assistance to the extent of Rs.50 crore to part finance the power plant expansion programme comprising additional 30 MW turbo generator set, 4 waste heat recovery boilers aggregating 51 tph and one boiler of 90 tph and associated infrastructure, at Raipur, Chhattisgarh

The proposal has been considered and the Infrastructure Development Finance Company Limited (IDFC) is in-principle agreeable to grant to you rupee term loan (herein after referred to as Rupee Debt) upto Rs 50 crore.

1. All the appendices are deemed to be a part of this Letter of Intent.
2. The aforesaid Rupee Debt is subject to the terms and conditions set out in Appendix I hereto and would further be subject to the conditions set out in the Rupee Term Loan Agreement to be finalized at a later date.
3. In case the above terms and conditions are acceptable to you, you may furnish to us within 30 days from the date of receipt of this Letter of Intent two certified copies of the resolutions duly passed by your Board of Directors as per pro forma in Appendix II.

*Recd
[Signature]*



INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Remon House, H T Parekh Marg, 189, Backbay Reclamation, Mumbai 400 020 Phone 56338100 Fax 027 22838168/9



4. Please note that this communication should not be construed as giving rise to any binding obligation on the part of IDFC unless a communication is received by IDFC within 30 days from the date of receipt of this Letter of Intent that the terms and conditions set out herein are acceptable to you and unless the Rupee Term Loan Agreement and other documents relating to above assistance are executed by you in such form as may be required by IDFC within 4 months from the date of this Letter of Intent or such further time as may be allowed by IDFC in its absolute discretion.

Meanwhile, kindly acknowledge the receipt of this Letter.

Yours faithfully,

For Infrastructure Development Finance Company Limited

R Mavin Kurve

Vinayak Mavinurve
Head- Energy

Encl.: as above





Appendix 1

TERMS & CONDITIONS OF SANCTION

A. Facility

I. Amount of the loan

Rupee Debt Assistance aggregating Rs.50 crore (Rupees Fifty crore only) (hereinafter referred to as the "Rupee Debt Assistance") subject to the terms and conditions mentioned herein below and Rupee Debt Assistance agreement to be entered into between the Company and IDFC.

II. Purpose

The Rupee Debt Assistance shall be used by the Company solely for the purpose of setting up an additional 30 MW turbo generator set, 4 waste heat recovery boilers aggregating 51 tph and one boiler of 90 tph and associated infrastructure, at Raipur, Chhattisgarh.

III. Project Cost and Means of finance

The project cost estimated at Rs.81 crore is proposed to be financed by way of internal accruals of Rs.31 crore and rupee debt of Rs.50 crore.

iv. Interest

- (a) The Company shall pay to IDFC interest on the principal amount of the Rupee Debt Assistance outstanding from time to time at the rate of 11.75% p.a. quarterly in arrears on January 15, April 15, July 15, and October 15 each year (Interest Payment Date). The first of such interest shall be paid on the first Interest Payment Date falling after the date of first disbursement.
- (b) All interest on the Rupee Debt Assistance, liquidated damages and all other monies accruing due under the Rupee loan agreement and other financing documents to be entered into between the Company and IDFC shall, in case the same be not paid on the respective due dates, carry further interest at the rate of 2% per annum over and above the interest rate stipulated in (a) above, computed from the respective due date until the date of actual payment. Such further interest shall be compounded quarterly and shall become payable on demand or in the absence of any such demand, on the next Interest Payment Date falling after the date of default.
- (c) Disbursements made pending creation of security shall carry further interest @ 1% per annum after the expiry of 6 months from the date of first disbursement till creation of such security.





v. **Upfront fee**

The Company shall pay to IDFC an up-front fee of 1% of the sanctioned amount on or before the date of signing of the Rupee Debt Assistance Agreement.

vi. **Liquidated Damages**

The Company shall pay to IDFC Liquidated Damages at the rate of 2% p.a. in case of defaults in payment of principal, interest and all other monies on their respective due dates. Arrears of Liquidated Damages shall carry interest at the rate of 2% per annum over and above the interest rate stipulated in clause A (iv)(a) above on the date of the payment of the defaulted amounts.

vii. **Last Date of Drawal**

Unless IDFC otherwise agrees, the company's right to make drawals from the Rupee Debt shall cease on December 15, 2004.

viii. **Repayment**

The Company shall repay the principal amount of the Rupee Debt Assistance in 20 quarterly equal installments commencing from July 15, 2005.

ix. **Prepayment**

The company shall not prepay the outstanding principal amount of the Rupee Debt in full or in part with out giving a prior written notice of not less than 90 days to IDFC and subject to payment by the Company of Prepayment Premium calculated as under.

The Prepayment Premium shall be an amount expressed as:

$$[\text{Max} ((0), (C + \text{NPV} (B, \text{CF}_i)))] \times 100\%$$

where:

i = number of years remaining from date of prepayment to the last date of repayment,

$$\text{CF}_i = \text{CF}_{iA} - \text{CF}_{iB}$$

CF_{iA} = stream of cashflow, calculated as the post-tax income for IDFC from the interest payable on the outstanding loan amount in the year i , as per the original repayment schedule, @ A, with the income tax benefit under section 36 (1) (viii) or any other provision of the Income Tax Act.

CF_{iB} = stream of cashflow, calculated as the post-tax income for IDFC from the interest payable on the outstanding loan amount in the year i , as per the original





(c) a first charge by way of assignment or creation of Security Interest in (i) all the right, title, interest, claims and demands whatsoever of the Borrower in the Project Documents, (ii) all the right, title, interest, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the right, title, interest, claims and demands whatsoever of the Borrower in any letter

(b) a first charge by way of hypothecation in favour of IDFC of all the Company's movable (tangible and intangible) including goodwill and undertaking of the Company, movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, book debts, operating cash flows, receivables, commissions, reverses of whatsoever nature and whatever arising, present and future and all other movable assets, present and future, subject to prior charges created and/or to be created in favour of the Company's bankers on the Company's stocks of raw materials, semi finished and finished goods, consumable stores and such other movables as may be agreed to by the Lenders for securing the borrowings for working capital requirements in the ordinary course of business;

(a) a first charge by way of mortgage in favour of IDFC of all the immovable properties of the Company, present and future;

The Rupac Debt Assistance together with all interest, cost, expenses and all other monies whatsoever shall be secured by:

Security

All rates mentioned herein are exclusive of interest tax and/or any such other levies / duties. Such interest tax / other levies / duties, if any applicable, shall be payable by the company to IDFC over and above the rates mentioned herein.

Interest Tax, levies & duties

C = Additional income tax payable, if any, by IDFC on the interest income earned from the date of disbursement, (3) till the date of repayment (due to non-availability of income tax benefit under Section-36 (1) (viii) or any other provision of the Income Tax Act, as a result of prepayment).

B = yield on Government of India Security for the number of years remaining from date of prepayment to the last date of repayment. (For a broken period in a year, the rate of interest will be on a proportionate basis).

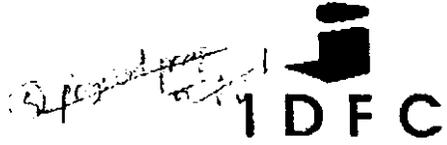
A = contractual rate of interest on the debt assistance payable by the Company to IDFC;

(viii) or any other provision of the Income Tax Act. (1) B, without the income tax benefit under section 36 (1) repayment schedule,

IDFC



①
②
③
④



of credit, guarantee, performance bond provided by any party to the Project Documents and (iv) all Insurance Contracts/ Insurance Proceeds;

- (d) Personal guarantee of Shri K.K Sarda. The Company shall not pay guarantee commission to the guarantor.
- (e) pledge in favour of IDFC of shares held by the promoters representing 51% of the equity share capital of the Company;

The mortgage and, hypothecation referred to in (a) and (b) above shall rank pari passu with the charge created/ to be created in favour of existing lenders who have lent long term debt to the Company.

B. Pre-commitment Conditions

Before seeking commitment of the sanctioned assistance from IDFC, the Company shall have to the satisfaction of IDFC:

- (2) a) Obtained all necessary clearances and approvals from existing lenders and working capital bankers for availing IDFC's Rupee Debt Assistance on the terms envisaged herein.
- b) Company shall undertake not to invest in any other group company without prior permission from IDFC.
- c) Company to tie up the entire funds required for Ferro Alloy Expansion (expansion of the 18 MVA furnace ferro alloy unit of the Borrower at Raipur, Chhattisgarh to 36 MVA unit).

C. Pre-disbursement conditions:

Before seeking disbursement of the sanctioned assistance from IDFC:

- a) The Company shall have atleast 50% of the internal accruals amounting to Rs.16.5 crore required for the Project, set aside for the Project.
- b) The Company shall have procured and furnished an undertaking from the Promoters that any overrun/shortfall in the resources of the Company for completing the Project and/or overrun in the cost of the Project and/or for working capital shall be met by the Promoters by way of equity or other means and in any case at terms acceptable to IDFC;
- c) The Company shall have to the satisfaction of IDFC appointed a Lenders' Engineer whose terms of reference would be mutually agreed between the Company and IDFC;
- (2) d) The Company shall have resolved issues, if any arising out of the Lenders' Engineer's Report, if so required by IDFC.
- e) The Company shall obtain clarifications from the Chhattisgarh Environment Conservation Board as to whether any additional consents/approvals are required for the 20 MW coal based power plant and address concerns if any to the satisfaction of IDFC.
- (12) f) The Company shall obtain clarifications from the Chhattisgarh Environment Conservation Board as to whether any additional consents/approvals are required for the
- (13) g)



- 20 MW coal based power plant, obtain such consents if required and address concerns if any to the satisfaction of IDFC.
- g) The Company shall have prepared and submitted to IDFC various environmental management programmes as stipulated in EIA report and as required addressing the concerns arising out of consent/clearance conditions.
 - h) The Company shall obtain consent to establish the waste heat recovery based power plant of 10 MW capacity and address concerns if any to the satisfaction of IDFC.
 - i) The Company shall submit environmental statement to the state pollution control board with regard to the Alloy plant and submit a copy to IDFC for its review.
 - j) The Company shall get the consent to operate renewed for the existing Alloy plant and submit a copy to IDFC.
 - k) The Company shall obtain the required consents/NOC from the CECB for the expansion of the ferro alloy plant and submit a copy of the same to IDFC for review.
 - l) The Company shall have prepared and submitted a Health & Safety management report for the entire plant as well as proposed power project and the ferro alloy plants to the satisfaction of IDFC.
 - m) The Company shall prepare a suitable environment management plan for meeting the requirement of REIA report as well as various conditions laid down in the consent/clearance conditions of regulatory authorities.
 - n) The Company shall have prepared and submitted to IDFC an emergency management plans for the plant during construction work as well as during the operation of the plant.
 - o) The Company shall submit a waste oil handling and disposal plan to IDFC for review and undertake to obtain authorization to handle waste oil at an appropriate time to comply with the requirements of the Hazardous Wastes (Handling & Management) Rules.

D. Other Conditions

The Company shall at all times during the currency of the Rupee Debt, comply with and agree to the following:-

- a) Constitute an Audit Sub-Committee of the Directors (other than Directors representing the promoters) for close monitoring of operations.
- b) Any savings in the project cost shall result in corresponding reduction in the debt amount of the project.
- c) Agree to appointment of nominee director of IDFC, on its Board of Directors.
- d) Undertake to keep all the business assets together with all property useful and necessary for their operation in good working condition in accordance with good industry practice and keep its present and future properties and business insured and promptly pay all premia on insurance;
- e) Procure comprehensive insurances on its assets and operations and if required by IDFC appoint an Insurance Consultant to ascertain the adequate insurance package;





- f) The Company shall obtain the following consents before undertaking commercial operation of the plant and shall submit the same to IDFC
- Consent to operate under air and water act from the State Pollution Control Board
 - Authorisation under Hazardous Waste (Handling and Management) Rules
- g) The Company shall, at all times during the currency of the assistance, comply with the environmental, health, safety and social (EHSS) requirements specified below:
- Ensure compliance with provisions of all applicable legislation, and clearances issued thereunder, and maintenance of documents to be able to demonstrate compliance with the same.
 - Ensure compliance with all conditions stipulated in the State and Central environmental clearances obtained by the Company for the Project.
 - Ensure compliance with the remedial measures identified in the EIA report.
 - Forward copies of any relevant internal or consultant's reports or annual reports on the environmental status and performance of the operations.
 - The Company shall at appropriate time, once the plants are commissioned, obtain and submit to IDFC the consent to operate 20 MW coal based plant, 10 MW waste heat recovery based power plants and second phase of Ferro Alloy plant
- h) Report to IDFC on the environment, health safety and social status of the project on a half-yearly basis per the format to be specified by IDFC.
- i) Provide the requisite information and provide access to IDFC or a consultant appointed by IDFC to carry out a periodic Environment & Social Monitoring and Review (ESMR) of the project.
- j) Forward copies of any relevant internal or consultant's reports or annual reports on the environmental and social status and performance of the operations.
- k) Ensure compliance with specified recommendations made by IDFC following ESMR.
- l) Ensure compliance with specified recommendations made by IDFC following ESMR report.
- m) Without the prior consent of IDFC, the company shall not: -
- pay any dividend to its Shareholders in any financial year;
 - Enter into any transaction of consolidation or merger or reorganization or scheme of amalgamation;
 - Sell or dispose of the assets charged/to be charged or any part thereof or create thereon any mortgage, lien or charge by way of hypothecation or otherwise except in the ordinary course of business or as may be permitted by IDFC;





- Issue any debentures, raise any loans, accept any deposits from public, make any change in the capital structure, make investments in, grant loans to or give any guarantee on behalf of any person, firm or company.
- Undertake any new project or expansion of the existing projects or make any investment or take assets on lease;





APPENDIX II:

Resolutions to be passed at a meeting of the Board of Directors of the Company for acceptance of the terms and conditions of Letter of Intent and execution of documents.

The Chairman informed the Board that arrangements have since been made with Infrastructure Development Finance Company Limited (IDFC) for part financing the Company's expansion programme comprising additional 30 MW turbo generator set, 4 waste heat recovery boilers aggregating 51 tph and one boiler of 90 tph and associated infrastructure, at Raipur, Chhattisgarh ("the Project") and that IDFC has agreed, in principle to provide to the Company Rupee Term Loan of Rs. 50 crore.

After some discussions, the following resolutions were passed;

"RESOLVED

1. That the Company do accept the offer of IDFC to grant to the Company Rupee Term Loan of Rs. 50 crore for the Project on the terms and conditions contained in the Letter of Intent dated _____ received from IDFC (a copy whereof duly signed by the Chairman for the purpose of identification has been circulated to the Board placed on the table of the meeting.
2. That the following directors viz. Shri _____, Shri _____, Shri _____ and Shri _____ be and are hereby authorized severally to convey to IDFC acceptance on behalf of the Company of the said offer of Rupee Term Loan of Rs. _____ crore on the terms and conditions contained in the Letter of intent dated _____ and agree to such changes and modifications in the said terms and conditions as may be suggested and acceptable to IDFC from time to time and to execute such deeds, documents and other writings as may be necessary or required for this purpose.
3. That the Company do avail from IDFC the Rupee Term Loan on the terms and conditions to be set out in the Rupee Term Loan Agreement and Deed of Hypothecation to be entered into between the Company and IDFC including the special terms and conditions mentioned in the Letter of Intent dated _____ received from IDFC.
4. The following directors viz. Shri _____, Shri _____ and Shri _____ be and hereby authorized to approve on behalf of the Company the Rupee Term Loan Agreement and Deed of Hypothecation and all such other documents including Security Documents to be executed, accept and finalize on behalf of the Company the said documents and writings together with such modifications as may be required by IDFC in connection with the Rupee Term Loan.
5. That the Common Seal of the Company be affixed to the stamped engrossment(s) in duplicate of the Rupee Term Agreement, and Deed of Hypothecation (as per the forms to be settled by IDFC with such modifications as may be agreed between IDFC and the Company) in presence of any of the following directors viz. Shri _____, Shri _____ and





Shri ----- who shall sign the same in token thereof and Shri -----, Secretary/authorized person who shall sign/counter-sign the same in token thereof.

6. That the Company shall execute the Rupee Term Loan Agreement and Deed of Hypothecation and such other documents including Security Documents relating to the above financial assistance within the period stipulated by IDFC condition being that till such Agreement(s) is/are executed, there is no binding obligation or commitment on the part of the IDFC to advance any money or incur any obligation thereunder.
7. That the Common Seal of the Company be affixed to the stamped engrossment(s) of the Deed of Hypothecation and to such other documents including Security Documents as may be required to be executed under the Common Seal of the Company in favour of IDFC to secure the aforesaid financial assistance in the presence of any of the following directors, viz. Shri -----, Shri ----- and Shri ----- who shall sign the same in token thereof and Shri ----- secretary/authorized person, who shall sign/counter-sign the same in token thereof.
8. That Shri ----- and Shri ----- Directors of the Company be and are hereby severally authorized to accept amendments to such executed Rupee Term Loan Agreement and Deed of Hypothecation and other documents including Security Documents as and when become necessary and to sign Letter(s) of undertakings, declarations, agreements and other papers which the Company may be required to sign for availing of the aforesaid financial assistance and if so required the Common Seal of the Company be affixed thereto in the presence of any of the said Directors, who shall also sign the same in token thereof and Shri ----- secretary/authorized person, who shall sign/counter-sign the same in token thereof as required by the Articles of Associations of the Company".

* NOTE: - The Common Seal to be affixed as per the provisions of the Articles of Association of the Company.



SANDUR POWER CO. (P) LTD.



CONFIDENTIAL

December 3, 2003

Sandur Power Company Limited
No. 311, 5th Main
1st Block, Koramangala
Bangalore - 560 034

Dear Sirs,

Application for financial assistance

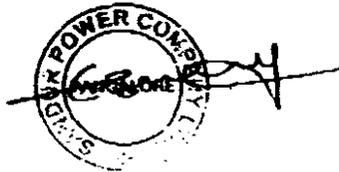
Please refer to your application for financial assistance and the subsequent correspondence / discussions your representatives had with us regarding financial assistance to provide rupee debt assistance to the extent of Rs. 61.8 crore for construction, erection and commissioning of 22.5 MW (3 x 7.5) at the tail race of Varahi Under Ground Power House in Shimoga District of Karnataka.

The proposal has been considered and Infrastructure Development Finance Company Limited (IDFC) is in-principle agreeable to grant to you rupee debt assistance upto the extent of Rs. 61.8 crores (hereinafter referred to as "the Rupee Debt").

All the appendices are deemed to be a part of this Letter of Intent.

The aforesaid Rupee Debt is subject to the terms and conditions set out in Appendix I hereto and would further be subject to the conditions set out in the Rupee Debt Agreement to be finalized at a later date.

In case the above terms and conditions are acceptable to you, you may furnish to us within 30 days from the date of receipt of this Letter of Intent two certified copies of the resolutions duly passed by your Board of Directors as per pro forma in Appendix II.



INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

Ramon House, H. T. Parade Marg, 100, Backbay Reclamation, Mumbai 400 020. Phone: 58339100 Fax: 022-22808158/9.
Registered Office: ITC Centre, 789 Anna Salai, Chennai 600 002. Phone: 28539440. Fax: 044-28547597.



Please note that this communication should not be construed as giving rise to any binding obligation on the part of IDFC unless a communication is received by IDFC within 30 days from the date of receipt of this Letter of Intent that the terms and conditions set out herein are acceptable to you and unless the Rupee Debt Agreement and other documents relating to above assistance are executed by you in such form as may be required by IDFC within 4 months from the date of this Letter of Intent or such further time as may be allowed by IDFC in its absolute discretion.

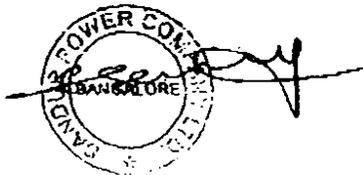
Meanwhile, kindly acknowledge the receipt of this Letter.

Yours faithfully,

For Infrastructure Development Finance Company Limited

RMavinkurve

Vinayak Mavinkurve
Head - Energy
Encl.: as above





Appendix I - Indicative terms and conditions of sanction

A. Financial Terms

1. Financial Assistance

Rupee debt assistance to the extent of Rs.61.8 crore (Rupees sixty one crore and eighty lakhs) (hereinafter referred to as "the Rupee Debt").

2. Project / Purpose

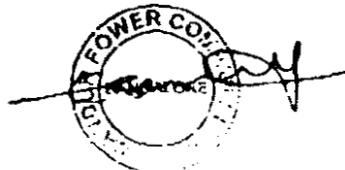
The proceeds of the Rupee Debt shall be utilized towards construction, erection and commissioning of the 22.5 MW (expandable to 37.5 MW) Sander Power Company Limited (hereinafter referred to as the Company) hydro power project located on the banks of the tail race of Varahi Under ground power-house in Kundapura taluk, Udipi District of Karnataka (hereinafter referred to as "the Project").

3. Estimated project cost and means of finance

Particulars	(Rs. in crore)
Project Cost	134.0
Means of finance	
- Equity / Preferential Capital	40.2
- Rupee Debt	93.8
Total	134.0

4. Interest

- (i). The Company shall, until the Rupee Debt is fully repaid, pay to IDFC interest on the principal amounts of the Rupee Debt outstanding from time to time, at the rate equivalent to 3.27% over and above the IDFC PLR (Rate of Interest). IDFC shall charge interest at the weighted average rate (i.e. weighted mean of the rates of interest applicable to various disbursements). As on date, the IDFC PLR is 7.98% p.a.
- (ii). The interest as above, shall be payable by the Company monthly in arrears on 15th of every month (each an Interest Payment Date). Such interest shall become payable from the first Interest Payment Date falling after the date of first disbursement.
- (iii). IDFC shall have the right to reset aforesaid interest rate in respect of the Rupee Debt on the expiry of five years and one day from the date of first disbursement (the "Reset Date") by giving 60 days prior notice to the Company. The Company shall pay interest at such reset rate as may be notified by IDFC to the company.



- (iv). All interest on the Rupee Debt and all other monies accruing due under the financing documents to be entered into between the Company and IDFC shall, in case the same be not paid on the respective due dates, carry interest/further interest @ 2% per annum over and above the rates stipulated in (i) above computed from the respective due date until the date of actual payment. Such further interest shall be compounded monthly and shall become payable on demand or in the absence of any such demand, on the next Interest Payment Date falling after the date of default.
- (v). Disbursements made pending creation of security stipulated in Clause 11 herein below shall carry further interest @1% per annum after the expiry of six months from the date of first disbursement till creation of such security.

5. Upfront Fee

The Company shall pay to IDFC non-refundable and non-adjustable up-front fee of 1 % of the Rupee Debt. 50% of the upfront fee shall be payable on issue of LoI by IDFC and remaining 50% shall be payable on or before the date of signing of the Rupee Debt Agreement.

6. Last Date of Drawl

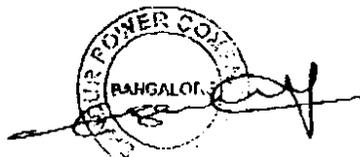
Unless IDFC otherwise agrees, the Company's right to make draws from the Rupee Debt shall cease on March 15, 2005.

7. Liquidated damages

In case of default in payment of any instalment of principal amount of the Rupee Debt or payment of interest and other monies (except liquidated damages) becoming due on their respective due dates, the Company shall pay on the defaulted amounts, liquidated damages at the rate of 2% per annum for the period of default. Liquidated damages shall be payable on demand and in the absence of any such demand on the next Interest Payment Date falling after the date of default. Arrears of liquidated damages shall carry interest at the rate of 2% per annum over and above the rate of interest stipulated in Clause 4(i) above till the date of payment of the defaulted amounts.

8. Repayment

The Company shall repay the Rupee Debt in 36 equal quarterly instalments commencing from April 15, 2006.



Circular stamp: **POWER COMPANY**
BANGALORE



Circular stamp: **IDFC**
MUMBAI
19 078

9. Prepayment

The Company shall not prepay the outstanding principal amount of the Rupee Term Loan in full or in part. Any prepayment of the Rupee Term Loan shall be at the discretion and on the terms and conditions stipulated by IDFC.

10. Interest tax, levies & duties

All rates of interest mentioned herein are exclusive of interest tax and/or any such other levies / duties. Such interest tax / other levies / duties, if any, applicable, shall be payable by the Company to IDFC over and above the rates mentioned hereinabove.

11. Security

The Rupee Debt together with interest, liquidated damages, costs, charges expenses and all other monies whatsoever payable by the Company shall be secured by:

- (a) A first charge and mortgage in favour of the IDFC in a form satisfactory to IDFC of all the Company's immovable properties, present and future;
- (b) A first charge by way of hypothecation in favour of IDFC of all the Company's movables, including movable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created /to be created in favour of the Company's bankers on the Company's stocks of raw materials, semi-finished and finished goods and consumable goods for securing the borrowings for working capital requirements in the ordinary course of business;
- (c) A first charge in favour of IDFC on Company's book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future;
- (d) A first charge in favour of IDFC on all intangibles of the Company including but not limited to goodwill, uncalled capital, present and future;
- (e) A first charge by way of assignment or creation of charge in favour of IDFC of (i) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents (including but not limited to the Power Purchase Agreement, the Equipment Procurement and Construction (EPC) Contract, O&M Contract), duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time; (ii) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Clearances; (iii) all the right title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents and (iv) all Insurance Contracts/Insurance Proceeds;





- (f) A first charge on the Trust and Retention Account, Debt Service Reserve Account and other reserves and any other bank accounts of the Borrower wherever maintained;
- (g) Pledge of shares held by the Sponsors (Mr. Y.S. Jagan Mohan Reddy, Mr. Srinivasa Rao, Mr Harish C. Kamarthy, Mr. J.J. Reddy and Dr. Y.S. Rajashekara Reddy) in the equity share capital of the Company representing 51% of the total paid up equity share capital of the Company.
- (h) Personal guarantee of the Sponsors. The Company shall not pay guarantee commission to the guarantor.

The aforesaid mortgage and charges and pledges shall rank pari-passu to the charges created / to be created in favour of other senior lenders to the Project.

- (i) IDFC reserves the right to modify the above security structure in its absolute discretion, prior to financial closure/execution of financing documents.

B. Pre-disbursement Conditions

The obligation of IDFC to make disbursements out of the Rupee Debt shall be subject to the Company complying with the conditions given below. The Company shall have:-

1. Increased the authorised share capital of the Company in line with the means of financing for the Project;
2. Confirmed that 75% of its equity share capital and preference capital is paid up prior to seeking first disbursement towards the Rupee Debt and thereafter prior to seeking each subsequent disbursement equity share capital in proportion to the disbursement sought is paid up. Provided that the disbursements sought shall always be in accordance with the debt equity ratio stipulated;
3. Procured and furnished an undertaking from Sponsors to the effect that any shortfall in the resources of the Company for completing the said Project arising due to overrun in the cost of the Project due to any circumstances shall be met by Sponsors by infusion of fresh equity / preference capital / unsecured interest free loans/ subordinated debt, without recourse to IDFC;
4. Procured and furnished an undertaking from the Sponsors for non-disposal of their respective shareholding in the share capital of the Company during the tenure of the Rupee Debt without prior written approval of IDFC;

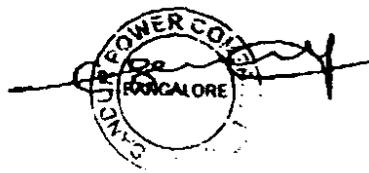




5. Company shall prepare and submit to the satisfaction of IDFC a safety and on site emergency management plan for the plant
6. Company shall prepare and submit to IDFC a detailed schedule of tree plantation along with budget allocation for the same.
7. Company shall submit a report on how it will meet the requirement of developing catchment treatment plan for the project as enumerated in environmental clearance condition set by MoEF.
8. Company shall prepare and submit to IDFC a compliance report of various applicable environmental conditions stipulated in consents/ clearances from State Pollution Control Board and MoEF.

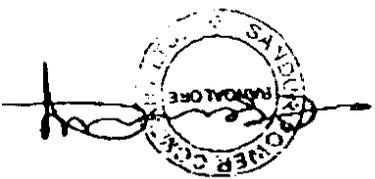
C. Other Conditions

- I. The Company shall, to the satisfaction of IDFC,
 - i. Carry out such alterations to its Memorandum and Articles of Association as may be required by IDFC (including but not limited to incorporation of clause providing for the appointment of nominee directors of banks and financial institutions on the Company's Board) and transfer of shares pledged with IDFC;
 - ii. Open a Trust & Retention Account (TRA) into which the Company shall deposit all its cash inflows from the Project to be utilized / applied in a manner and priority to be stipulated in the Trust and Retention Account Agreement. For this purpose, the Company shall have appointed an acceptable scheduled commercial bank as a Trust and Retention Agent and enter into a Trust and Retention Account Agreement;
 - iii. Open and maintain a Debt Service Reserve Account (DSRA) to meet the debt service requirements and create a debt service reserve for the amount equivalent to the ensuing two quarters' principal and interest payment due to IDFC. Provided, that all available cash flows after meeting debt service obligations shall be applied towards the Debt Service Reserve till it reaches an amount equivalent to ensuing two quarters principal and interest payment due to IDFC. The amounts accumulated in the DSRA shall not be used for any purpose other than for servicing of Rupee Debt. The amount in the DSRA would be utilized only in case of a shortfall in cash flows for meeting debt service requirements from time to time. No payments of dividend to equity shareholders, interest or repayments to the providers of subordinate debt, if any, shall be made until the required appropriations / replenishments are made to the DSRA, to the satisfaction of IDFC. The Company shall invest the funds in DSRA only in permitted investments and securities as approved by IDFC.



- iv. The company shall expand its capacity from 22.5 MW to 37.5 MW in the event of Varahi Underground power house expanding its capacity from 230 MW to 460 MW.
- v. The company shall maintain a capital expenditure reserve equivalent to Rs.10 crore for expansion for its capacity from 22.5 MW to 37.5 MW from the project cash flows. The company shall not declare dividends till the capital expenditure reserve is filled up and also without prior permission from IDFC.
- vi. Implement the Project within the overall project cost of Rs.134 crore (the "Project Cost") and in accordance with the financing plan ("The Financing Plan") both as agreed to between the Company and IDFC and which will be set out in the Rupee Debt Agreement and shall achieve Project completion on or before March 31, 2005 (the "Scheduled Project Completion Date").
- vii. Obtain all the required statutory/ non-statutory clearances for the Project.
- viii. Obtain comprehensive insurance covers for hydrology (if available), third party liabilities, contractor's all risks insurance, delay in start up insurance, transit insurance, Labour insurance and employee liability insurance, property all risk and business interruption insurance, etc. for the project assets, plant and machinery, labour etc. including cover against earthquake risks and war, within 6 months from the date of first disbursement. The insurance cover would be kept alive throughout the tenure of the Rupee Debt.
- ix. Appoint technical, financial and executive personnel of proper qualifications and experience for the key posts and that its organisational set up is adequate to ensure smooth implementation and operation of the Project.
- x. Provide quarterly progress reports on the Project both during the construction and during operating phases to IDFC in such form and manner as may be required by IDFC.
- xi. IDFC shall have a right to monitor the operations of the Project after the commencement of operations during the currency of the Rupee Debt. The Company shall furnish to IDFC such information and data as may be required by it from time to time.
- xii. Any saving in the Project Cost on the completion of the Project shall result in proportionate reduction in the amount of Rupee Debt.





costs/expenses for the same shall be borne by the Company.
 IDFC retains the right to appoint a reputed engineering firm/consultant as "Leadert Engineer" for monitoring and reporting on the progress of the project during the construction as well as the operations phase directly to IDFC. All

4. IDFC shall retain the right to advance the repayment of the Rupee Debt in the event of the cash flows of the Company being adequate for such advancement.

Project/Means of Finance/date of commencement of commercial operations.
 such incurrence as may be stipulated by IDFC in the rights of the revised cost of the as IDFC in its absolute discretion may deem fit and requires the company to take additional equity capital/other interest free unsecured funds from the Promoters) strengthening of the management set up, change in nature of financing, raising of the terms of emission and stipulate such additional conditions (including implementation of the proposed project by the completion date, IDFC may revise commensurate in light to commercial operations after IDFC may not in accordance with the Financing Plan and/or the Company has not implemented/not be likely to implement the Project Cost under IDFC determines that the company has not

3. IDFC would conduct one or more reviews of the Project before completion of the Project. The Company would provide all necessary information to IDFC as may be required for this purpose.

- iii. Exceed the long term debt equity ratio of 2.33:1 for the Project.
- ii. Undertake any new project, or augment, moderate, expand, or otherwise change the scope of the Project.
- i. Make any modifications to any of the Project Documents.

2. The Company shall not without the prior written approval of IDFC:

- xiv. The Company shall agree that in the event of the Company committing default in the repayment of settlement of the Rupee Debt or payment of interest on due date, IDFC shall have an unqualified right to disclose the name of the Company and its Directors to the Reserve Bank of India (RBI). The Company shall give its consent to IDFC and / or RBI to publish its name and the names of its Directors as defaulters in such manner and through such medium as IDFC in its absolute discretion may deem fit.
- xiii. The Company shall top-up the working capital requirement (if any) in consultation with IDFC and furnish a letter from the banker in this regard.

IDFC

Appendix II

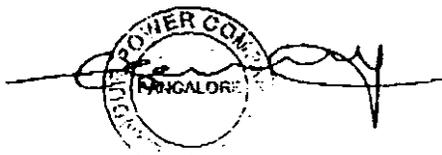
Resolutions to be passed at a meeting of the Board of Directors of the Borrower for acceptance of the terms and conditions of letter of intent and execution of documents.

The Chairman informed the Board that arrangements have since been made with Infrastructure Development Finance Company Limited (IDFC) for part financing the construction, erection and commissioning of 22.5 MW (3 x 7.5) hydroelectric power project located on tail race of Varahi Under ground power house in Kundapura taluk, Udipi District of Karnataka (hereinafter referred to as "the Project") and that IDFC has agreed, in principle to provide rupee term loan to the extent of Rs. 61.8 crore.

After some discussions, the following resolutions were passed;

1 *RESOLVED

1. That the Company do accept the offer of IDFC to grant to the Company rupee debt assistance of Rs. 61.8 crore (the financial assistance) on the terms and conditions contained in the Letter of Intent dated ----- received from IDFC (a copy whereof duly signed by the Chairman for the purpose of identification has been circulated to the Board placed on the table of the meeting.
2. That the following directors viz. Shri -----, Shri -----, Shri ----- and Shri ----- be and are hereby authorised severally to convey to IDFC acceptance on behalf of the Company of the said offer of financial assistance on the terms and conditions contained in the Letter of Intent dated ----- and agree to such changes and modifications in the said terms and conditions as may be suggested and acceptable to IDFC from time to time and to execute such deeds, documents and other writings as may be necessary or required for this purpose.
3. That the Company do borrow/avail from IDFC the financial assistance on the terms and conditions to be set out in the Loan Agreement, Deed of Hypothecation and any other financing/security documents to be entered into between the Company and IDFC including the special terms and conditions mentioned in the Letter of Intent dated ----- received from IDFC.
4. That the following directors viz. Shri -----, Shri ----- and Shri ----- be and hereby authorised to approve on behalf of the Company the Loan Agreement, Deed(s) of Hypothecation and all such other documents including Security Documents to be executed, accept and finalise on behalf of the Company the said documents and writings together with such modifications as may be required by IDFC in connection with the above financial assistance.



5. That the Common Seal of the Company be affixed to the stamped engrossment(s) in duplicate of the Loan Agreement and Deed of Hypothecation (as per the forms to be settled by IDFC with such modifications as may be agreed between IDFC and the Company) in presence of any one of the following directors viz. Shri _____, Shri _____ and Shri _____ who shall sign the same in token thereof.
6. That the Company shall execute the Loan Agreement and Deed of Hypothecation and such other documents including Security Documents relating to the financial assistance within the period stipulated by IDFC condition being that till such Agreement(s) is/are executed, there is no binding obligation or commitment on the part of the IDFC to advance any money or incur any obligation there under.
7. That the Common Seal of the Company be affixed to the stamped engrossment(s) of the Deed of Hypothecation and to such other documents including Security Documents as may be required to be executed under the Common Seal of the Company in favour of IDFC to secure the aforesaid financial assistance in the presence of any one of the following directors, viz. Shri _____, Shri _____ and Shri _____ who shall sign the same in token thereof.
8. That Shri _____, Shri _____ and Shri _____ - Directors of the Company be and are hereby severally authorized to accept amendments to such executed Loan Agreement, Deed of Hypothecation and other documents including Security Documents as and when become necessary and to sign letter(s) of undertakings, declarations, agreements and other papers which the Company may be required to sign for availing of the aforesaid financial assistance and if so required the Common Seal of the Company be affixed thereto in the presence of any one of the said Directors, who shall also sign the same in token thereof.
10. That as stipulated by Infrastructure Development Finance Company Limited (IDFC) the Company do request the Sponsors to execute an Agreement for Pledge of Shares for securing the repayment by the Company of the rupee debt and the disbursement(s)/interim disbursement(s) from/against the financial assistance of Rs. 61.3 crore sanctioned to the Company by IDFC together with interest, and all other moneys payable by the Company to IDFC; an Agreement for Pledge of Shares to be executed in such form and manner as may be required by the IDFC.

NOTE: - The Common Seal to be affixed as per the provisions of the Articles of Association of the Company.

