

Annexure - A3

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Amount - 20,00,00,000/-

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Case No. Adj/B/4559/10

Date 12-08-10

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of section 53-A of Bombay Stamp Act, 1958.

Place Borivali

Date 12/08/10

Collector of Stamps Borivali



PROJECT DEVELOPMENT AGREEMENT

This Project Development Agreement ("Agreement") is executed at Mumbai this 12th day of July, 2010

Between:

- (1) **PADMASHRI DR. VITTHALRAO VIKHE PATIL SAHAKARI SAKHAR KARKHANA LTD**, a co-operative sugar factory registered under the provisions of Maharashtra Cooperative Societies Act, 1960 bearing registration number ANGR/207(a)/64 and having its registered office and factory at Pravaranagar, Taluka Rahata, District Ahmednagar- 413 712 (herein after referred to as the 'Karkhana' which shall include its permitted assigns and successors); and
- (2) **PRAVARA RENEWABLE ENERGY LIMITED**, (being a Special Purpose Vehicle promoted by Gammon Infrastructure Projects Limited ("GIPL") to undertake the implementation of the Project), a company incorporated under the provisions of Indian Companies Act, 1956 having its registered office at Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025 (herein after referred to as 'PREL' which shall include its permitted assigns and successors).



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The Karkhana and PREL shall be individually referred to as "the Party" and collectively as "the Parties".

WHEREAS the Karkhana is the first cooperative sugar factory in India;

AND WHEREAS the Karkhana is interested in some entrepreneur setting up Co-generation Facility (defined hereafter) for generation of power in its complex at Pravaranagar on Build, Own, Operate and Transfer ("BOOT") basis;

AND WHEREAS GIPL, has agreed to set up such Co-generation Facility for generation of power at Pravaranagar on Build, Own Operate and Transfer ("BOOT") basis in terms of Memorandum of Terms ("MOT") signed between the Karkhana and GIPL on 23rd August 2007;

AND WHEREAS to facilitate the implementation of the Project, GIPL has incorporated PREL as a Special Purpose Vehicle and transferred its rights and obligations with reference to the Project to PREL.

IT IS AGREED as follows:

1.0 DEFINITIONS

In this Agreement, terms which are capitalized shall unless otherwise specified have the meaning as defined below.

- 1.1 "Appointed Date" or "AD" shall be deemed to occur on fulfillment of the Conditions Precedent specified in Article 3 below or any such date mutually agreed by the Parties in writing.
- 1.2 "Assets Transfer Date" or "ATD" shall be 30th June after completion of 25 years of operation starting from COD. For example, if the COD is 28th Feb 2009, the ATD will be 30th June 2034.
- 1.3 "Change in Law" means the occurrence of any of the following after the date of the signing of this Agreement:
 - (a) the enactment of any new Indian law;

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- (b) the repeal, modification or re-enactment of any existing Indian laws;
- (c) the commencement of any Indian law which has not entered into effect until the date of signing of this Agreement; or
- (d) a change in the interpretation or application of any Indian law by a judgement of a court of record which has become final, conclusive and binding, as compared to such interpretation or application by a court of record prior to the signing of the Agreement.
- (e) any material change in the rates of any of the indirect taxes that have a direct effect on the Cogen Facility

For avoidance of doubt, the Change in Law does not include changes in the rate of direct taxes or introduction of any new direct tax or revision of Tariff.

1.4 "Co-generation Facility" or "Cogen Facility" or "Project" means the electric power generating facility to be set-up by PREL at Padmashri Dr Vithalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd at Pravaranagar, District Ahmednagar, Maharashtra. The Co-generation Facility will be designed as bagasse fired Co-generation Facility supplemented by bio-gas, biomass, liquid fuel or any other fuel. The Co-generation Facility shall use bagasse generated or procured by the Karkhana and additional bagasse procured by PREL as the main fuel to the extent available and bio-gas made available by the Karkhana. The steam produced by burning fuel will produce electric power in steam turbine generators. Co-generation Facility Inter alia includes area for the bagasse storage facility, water reservoir facility, ash disposal facility, staff colony and area for any allied purposes.

1.5 "Commercial Operation Date" or "COD" of the Co-generation Facility will be deemed to occur on the date PREL delivers to Maharashtra State Electricity Distribution Company Ltd (hereafter called "MSEDCL") or to the Karkhana a certificate stating that the Co-generation Facility has become operational by PREL.

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- 1.6 "Crushing Season" means the continuous period of days, normally starting between October 15 and Nov 15 every year, in which the Karkhana is processing sugarcane.
- 1.7 "Base Tariff" means Tariff in Indian Rupees prescribed by Maharashtra Electricity Regulatory Commission (MERC) vide order dated. 16th Aug 2002, for procurement of one kWh of power from bagasse based co-generation projects.
- 1.8 "Debt Due" means the outstanding amount, or any lower amount which the lenders might agree to accept in lieu thereof, of the debt/subordinate debt/working capital facilities provided by the lenders and the loans provided by the shareholders for financing the total project cost or for financing the working capital facilities required for the Project under the financing documents including any accrued interest, financing fees and charges, penal interest and prepayment charges payable under the financing agreements.
- 1.9 "Encumbrances" means, in relation to the Leased Land for the Co-generation Facility, any encumbrances such as mortgage, charge, pledge, lien, hypothecation, security interest, assignment, privilege or priority of any kind having the effect of security, physical encumbrance (if any) and any other such obligations and including utilities.
- 1.10 "Fair Market Value" is the value of an entity by treating the entity as a going concern which thereby recognizes a stream of future cash flows upto the Assets Transfer Date.
- 1.11 "Forced Outage" is the period of interruption or reduction or shutdown of the Cogeneration Facility attributed to unforeseen circumstances/conditions other than planned or scheduled outages and shall include stoppages due to Force Majeure events, non availability of water and fuel including Bagasse and Bio-gas due to any unforeseen circumstances/conditions.

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- 1.12 "Hook -Up Points" are the points of supply and delivery connections as required for integrating the Cogen Facility and the Karkhana for power, steam, bagasse, biogas, effluent, and condensate as mentioned in Schedule I- Part B hereof.
- 1.13 " Current Tariff" means Tariff in Indian Rupees as prescribed by MERC after signing of this Agreement and thereafter time to time, during the tenure of this Agreement for procurement of one kWh of power from bagasse based co-generation projects.
- 1.14 "Insurance Claim" means the aggregate of the maximum sums insured under the insurances taken out by PREL pertaining to the Co-generation Facility.
- 1.15 "Leased Land" shall mean and include land to be leased by Karkhana to PREL for setting up the Cogen Facility, free of all Encumbrances suitable and capable of being used for the building and operating Co-generation Facility, the bagasse storage area, water reservoir, and for staff colony and allied purposes.
- 1.16 "Off Season" means the continuous period between two Crushing Seasons.
- 1.17 "Prudent Utility Practices" means the exercise of that degree of skill, diligence, prudence, and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances or conditions.
- 1.18 "Tariff" means rate in Indian Rupees for purchase / sale of one unit of electricity defined in kWh (Kilo watt hour).
- 1.19 "Termination" means early termination of this Agreement pursuant to Termination notice or otherwise in accordance with the provisions of this Agreement, but shall not, unless the context otherwise requires, include the expiry of this Agreement due to efflux of time in the normal course.

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1.20 "Operating Procedures" is the set of steps / procedures which defines the operation of the Cogen Facility.

1.21 "Interconnection Procedures" is the set of steps / procedures which defines the interconnection of the supplies / delivery from the Cogen Facility.

2.0 INTERPRETATIONS

2.1 References to Clauses and Schedules are (unless otherwise stated) to clauses and schedules of this Agreement.

2.2 Reference to a statute, law, by-law, regulation, rule, directive, delegated legislation or order is to the same as amended, modified or replaced from time and to any by-law, regulation, rule, directive, delegated legislation or order made there under.

2.3 Words importing the singular also include the plural and vice versa, words importing a gender include every other gender and references to persons include bodies corporate or unincorporated, including partnerships and their successors and assignees.

2.4 The heading of the Clauses are for convenience only and have no legal effect.

2.5 All reference to agreements shall mean such agreements in writing as from time to time resulting in this Agreement being amended or modified.

CONDITIONS PRECEDENT

The conditions precedent shall include inter alia the following:-

3.1 Execution of Land Lease Agreement mutually agreed by the Karkhana and PREL.

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- 3.2 Possession of the Leased Land (being in vacant status), free from all Encumbrances and which shall be capable of being used for setting up of the Co-generation Facility, to be handed over by Karkhana to PREL.
- 3.3 Establishing marketable title of the Leased Land by Karkhana to the satisfaction of PREL.
- 3.4 Formal Plan of the modifications of the sugar plant to be worked upon and provided by the Karkhana.
- 3.5 Formal Plan of the integration of the Co-generation Facility to be worked out by the Karkhana and PREL together.
- 3.6 Obtaining of all statutory clearances for setting up of the Cogeneration Facility including but not limited to the permissions for water drawl.
- 3.7 The outline plan of the various Hook-Up / connections and the laying of the pipelines to be worked out by the Karkhana and PREL.
- 3.8 The design for the Ash and Effluents handling system mutually agreed by both Karkhana and PREL.
- 3.9 Finalization of the Operating Procedures and Interconnection Procedures by the Karkhana and PREL.

4.0 PREL TO BUILD AND OPERATE CO-GENERATION FACILITY

- 4.1 Subject to the fulfillment of the aforesaid conditions precedent, then in fulfillment of the responsibilities of GIPL under the Memorandum of Terms dated 23rd August 2007, PREL will set up the Co-generation Facility at Pravaranagar using plant and equipment and consistent with the technical specifications necessary to meet its obligations under this Agreement.
- 4.2 The installed capacity of the Co-generation Facility shall be decided by PREL in consultation with its technical consultants. However, it shall be sufficient to meet the process steam and power requirement of the Karkhana during the Crushing Season and Off Season.
- 4.3 PREL shall be responsible for designing, development, procurement, installation, erection, commissioning and operation of the Cogeneration Facility and for arranging finance for setting-up the Cogen Facility.

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- 4.4 PREL shall operate and maintain the Co-generation Facility in accordance with the Prudent Utility Practices, Operating Procedures and Interconnection Procedures.
- 4.5 Subject to the supply of Bagasse and Bio-gas as per the agreed minimum assured quantity mentioned herein below and as per quality specified in Schedule-I by Karkhana to PREL and except for Forced Outage, PREL shall meet entire process steam and power requirement of the Karkhana up to the extent mentioned in Schedule - I during the Crushing Season and Off Season. PREL shall be free to sell surplus power and steam after meeting the requirements of the Karkhana to any third party.
- 4.6 PREL will operate the Co-generation Facility until the Assets Transfer Date in accordance with the terms of this Agreement.
- 4.7 PREL shall be entitled to borrow money for setting up of the Co-generation facility by offering the same including the Leased Land as security.
- 4.8 PREL may take planned shutdown of its Cogen Facility for periodical maintenance on such occasions and at such intervals, as maybe finalized in consultation with the Karkhana. However, no such planned shutdown of Cogen Facility shall be scheduled during the Crushing Season. Provided however, the Cogen Facility can do a planned outage as and when the Karkhana is having a planned outage.

5.0 LAND FOR THE PROJECT

- 5.1 The Karkhana shall grant Leased Land to PREL for the purpose of setting up and operating Co-generation Facility.
- 5.2 The total area requirement is estimated at 50 acres or thereabout (not exceeding 60 acres) of land excluding ash and effluent disposal area. The land may be in one or more piece and parcel as identified in the final plot plan. However, area measuring not less than 16 acres shall be adjacent to the sugar plant of the Karkhana. Exact area and location of land to be given on lease shall be mentioned in the Land Lease Agreement to be

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executed between the Karkhana and PREL separately. The said Land Lease Agreement shall contain necessary covenants for right of way and other easement rights to be given to PREL.

- 5.3 The land to be leased to PREL shall be free of all encroachments and obstructions. Subject to the nullah not creating any obstruction for the setting-up and operation of the Cogen Facility, the nullah shall be removed or made underground by the Karkhana at its own cost. The other existing constructions on the land shall be demolished and removed by the Karkhana at Karkhana's own cost before handing over the land to PREL.
- 5.4 In addition, the Karkhana shall also provide rights of way, easements and way leaves necessary for construction, installation, operation and maintenance of the Cogeneration Facility, bagasse storage area, water reservoir, and staff colony.
- 5.5 The Karkhana shall grant lease of the Leased Land for the period commencing on the date as mutually decided on or before the Appointed Date and ending on the Assets Transfer Date.
- 5.6 PREL shall pay annual lease charges of Rs. 60, 00,000 (Rupees Sixty Lakhs only) for Leased Land admeasuring 50 acres to the Karkhana for the period until the Assets Transfer Date. The annual lease charges shall be proportionately increased or reduced according to the actual area given on lease.
- 5.7 All taxes which are now paid by the Karkhana, such as land revenue and property tax shall continue to be borne and paid by the Karkhana but all other taxes which may hereafter be levied by any authority as payable in respect of the land given on lease or building thereon for the period of the lease shall be borne and paid by PREL.

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6.0 SUPPLY OF BAGASSE

- 6.1 The Karkhana shall continuously supply to PREL entire bagasse (excluding bagacillo) as and when generated in its sugar plant at Pravaranagar during the period beginning with Crushing Season of the year in which the Co-gen Facility commences production and ending with the close of last Crushing Season Day until the Assets Transfer Date.
- 6.2 The bagasse supplied by the Karkhana to PREL shall conform to specifications mentioned in Schedule - I to this Agreement. The Karkhana will ensure that the bagasse supplied does not contain any foreign material, which may damage the Cogeneration Facility equipments. PREL shall be free to conduct quality test on bagasse supplied to it at any time or all times in its sole discretion. In case of excess moisture content of bagasse from the standard mentioned in Schedule - I (tolerable limit up to +1%) or bagasse with foreign material, such bagasse shall be rejected by PREL and will not be counted towards the minimum assured quantity of bagasse. However, the Karkhana shall ensure that in no event shall the rejection of bagasse by PREL exceed an aggregate period of 12 hours during any one Crushing Season, limited to a stretch of maximum continuous 1 hour at one time. In case PREL is not provided replacement of the rejected Bagasse as requested by PREL then this may lead to a Forced Outage by PREL
- 6.3 The bagasse shall be transferred by the Karkhana to PREL at the Hook Up Point mentioned in Schedule - I-B on continuous basis as it is generated and collected from the sugar plant during the Crushing Season. PREL shall provide and install at its own cost continuous belt weigher in suitable position on the conveyor. PREL shall also provide and install at its own cost, continuous moisture and foreign material sensor in suitable position on the conveyor. The sensor shall be calibrated and serviced as per manufacturer's service schedule during which time representatives of the Karkhana and PREL shall remain present. As an alternative, bagasse samples may be collected periodically and analyzed for moisture content and foreign material in the laboratory. PREL shall make its own arrangements for transfer of bagasse from the Hook Up Point to the

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material feeding point of its Co-generation Facility or to its bagasse storage yard.

- 6.4 PREL shall pay price for bagasse supplied by the Karkhana at the rate mentioned in Schedule - II. The price shall be paid by PREL on monthly basis. The Karkhana shall raise bill on PREL for bagasse supplied by the Karkhana to PREL during the previous month. PREL shall make payment for such supply within 30 (thirty) days.
- 6.5 The Karkhana shall supply bagasse to PREL having quantity not less than 216,000 MT during each Crushing Season and as per quality specified in Schedule-I. The total quantity of supply of bagasse of 216,000 MT in a Crushing Season is arrived at considering 160 days in a Crushing Season (tolerance level of maximum 4 days). If the Crushing Season is longer than 160 days (tolerance level of maximum 4 days), a quantity of 1100 MT/day of bagasse at the contracted price shall be supplied by the Karkhana in addition to the 216,000 MT. Therefore, under such circumstances, the minimum assured quantity of bagasse to be supplied by the Karkhana shall stand increased accordingly. The Karkhana shall give all help to PREL in procuring sugarcane trash/biomass from the farmers for this Project. The Parties agree that a detailed agreement for this purpose shall be executed within 6 months of signing of this Agreement.
- 6.6 The Karkhana shall intimate to PREL three months in advance the tentative date of commencement of Crushing Season and provide a finalized schedule of supply of bagasse and bio-gas at least one month prior to the commencement of Crushing Season. Karkhana shall adhere to the said Schedule. If during any Crushing Season, the Karkhana is unable to adhere to its given schedule, the Karkhana shall procure the quantity equivalent to the shortfall from other sources at its own cost and supply the same to PREL to adhere to the schedule. PREL shall pay to the Karkhana at the contracted rate as mentioned in Schedule- II for such supply of bagasse.
- 6.7 If the Karkhana fails to supply the minimum assured quantity of bagasse as mentioned above, PREL shall be entitled to recover and the Karkhana

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shall pay to PREL the loss due to the purchase price differential of the bagasse over and above the contracted rate incurred by PREL. PREL shall be free to purchase bagasse from the open market up to the quantity of shortfall. Cost incurred by PREL on purchase and transfer of the bagasse up to Hook Up Point on such shortfall over the contracted rate mentioned in Schedule - II shall be borne by the Karkhana. The Karkhana shall make payment to PREL for such loss every month before the end of the month.

6.8 if PREL remains in default in making payment for the bagasse to the Karkhana for more than 3 months without prior written consent of the Karkhana, the Karkhana shall be free to sell its bagasse to any other party. In such situation, any short realization on sale of bagasse in comparison to the contracted rate mentioned in Schedule - II, shall be borne and paid by PREL to the Karkhana.

6.9 PREL shall be free to collect, purchase, transport and bring in additional bagasse, biomass or any other alternate fuel from other sources that may be required to run the Cogeneration Facility for maximum duration.

7.0 SUPPLY OF BIO-GAS

7.1 The Karkhana shall supply entire bio-gas generated from the bio-gas plant during the period beginning from COD and till the Assets Transfer Date.

7.2 The bio-gas supplied by the Karkhana to PREL shall conform to specifications mentioned in Schedule - I to this Agreement.

7.3 The bio-gas shall be transferred by the Karkhana to PREL at the Hook Up Point mentioned in Schedule - I-B on continuous basis as it is generated and collected. PREL shall provide and install at a suitable position and at its own cost meters to measure flow of bio-gas on continuous basis. The meters shall be calibrated and serviced as per manufacturer's service schedule during which time representatives of the Karkhana and PREL shall remain present. The Karkhana shall provide pumping or pressurization required to maintain the supply pressure of bio-gas. PREL

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shall make its own arrangements for transfer of bio-gas from the Hook Up Point to the feeding point of its Co-generation Facility.

- 7.4 PREL shall pay price for the bio-gas supplied by the Karkhana at the rate mentioned in Schedule - II. The price shall be paid by PREL on monthly basis. The Karkhana shall raise bill on PREL for bio-gas supplied by the Karkhana to PREL during the previous month. PREL shall make payment for such supply within 30 days thereof.
- 7.5 The Karkhana shall supply, in every operating year starting from COD, bio-gas to PREL not less than equivalent of 48,720 MT of bagasse. If during any operating year, the supply of bio-gas to PREL by the Karkhana falls below this assured supply level, the Karkhana shall supply to make good this shortfall in the form of bagasse or cane trash of the equivalent net calorific value. Provided that the maximum quantity of cane trash to be supplied towards such shortfall of Biogas shall not be more than 15000 MT of equivalent net calorific value in any operating year. The Karkhana may procure the bagasse or cane trash of a quantity equivalent to the shortfall from other sources at its own cost and supply the same to PREL. PREL shall pay to the Karkhana at the contracted rate as mentioned in Schedule - II for such supply of bagasse/cane trash in lieu of bio-gas.
- 7.6 If the Karkhana fails to supply assured quantity of bio-gas or equivalent bagasse as mentioned above, then in that event clause 6 above shall mutatis mutandis apply.
- 7.7 If PREL is unable for any reason to accept delivery of bio-gas from the Karkhana or remains in default in making payment for the bio-gas to the Karkhana for more than 3 months without prior written consent of the Karkhana, the Karkhana shall be free to divert and use its bio-gas in any other plant of the Karkhana. In case the Biogas is not used in any other plant of Karkhana, such non-supply of bio-gas to the Cogen Facility shall be deemed to be in satisfaction of minimum assured quantity mentioned in Schedule -I, however PREL will not be liable to pay for such non-supply of bio-gas.

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8.0 SUPPLY OF POWER & STEAM

- 8.1 Subject to the supply of Bagasse and Bio-gas as per the quantity and quality specified in Schedule-I by Karkhana and except for the Forced Outage, PREL shall meet entire process steam and power requirement of the Karkhana up to the extent mentioned in Schedule - I during the Crushing Season and Off Season.
- 8.2 PREL shall supply electricity and steam to the Karkhana in accordance with the Operating Procedures and Interconnection Procedures.
- 8.3 The electricity made available for delivery to the Karkhana shall be of type known as three phase alternating current with a normal frequency of 50 (fifty) Hertz.
- 8.4 The steam supplied by PREL to the Karkhana shall conform to specifications mentioned in Schedule - I to this Agreement.
- 8.5 The electricity and steam shall be transferred by PREL to the Karkhana at the Hook Up Points mentioned in Schedule - I. The Karkhana shall make its own arrangements for transmission and distribution of electricity and steam from the Hook Up Points to their usage points.
- 8.6 Except for momentary kick loads due to start of machinery of the Karkhana, the electrical load (in kW) shall not exceed the limit mentioned in Schedule - I. In case, the Karkhana is unable to limit the electrical load within these limits, PREL shall be entitled to temporarily discontinue the electrical supply to the Karkhana (after giving intimation to the Karkhana). The rate of steam consumption shall not exceed the maximum permissible rate (in MT per hour) as specified in Schedule - I. In case the Karkhana is unable to limit the rate of steam consumption within these limits, PREL shall be entitled to regulate the supply of steam to the Karkhana by reducing the flow rate, temperature and pressure of steam, as necessary to bring the rate of steam consumption within limits.
- 8.7 The quantity of electricity supplied to the Karkhana shall be measured by means of meters installed at PREL's 11 kV panel at Hook Up Point. The

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meters will meet the standard of quality laid down under Institute of Electrical and Electronics Engineers ("IEEE"). The electricity shall be metered at 11 kilovolt ("kV") in kilovolt Ampere reactive ("kVAR") and kilowatt hour ("kwh") (minimum power factor should be 0.90). The steam supply, pressure and temperature shall be measured at the Hook-Up points. The meters shall be installed and maintained by PREL at its own cost and shall be calibrated and serviced as per manufacturers' schedule, during which time the Karkhana's representative may be present. Consumption of electricity and steam by the Karkhana will be recorded at the end of every month.

8.8 The Karkhana shall ensure that its power factor is not less than 0.9 Lag. If power factor is other than 0.9 Lag, then the kwh supplied will be adjusted in the ratio of 0.9/ actual power factor.

8.9 The Karkhana shall return condensate to PREL. The supply of return condensate shall be minimum 85% and maximum 90% of the low pressure steam given by PREL to the sugar factory of the Karkhana and shall be at a temperature not less than 90 degree Celsius without any contamination. If the condensate is below 90 degree Celsius or if the condensate is contaminated, such contaminated or below 90 degrees Celsius return condensate shall be rejected by PREL and will not be counted towards the net of return condensate. No return condensate shall be supplied against low pressure steam given to by-product and other units of the Karkhana. Also, no return condensate shall be supplied against medium pressure steam given to the Karkhana. PREL shall install meters with suitable standby arrangement for measuring flow and temperature of return condensate.

The Karkhana shall pay price for electricity and steam supplied by PREL at the rates mentioned in Schedule - II. The payment for steam shall be based on the quantity of steam supplied net of return condensate. The price shall be paid by the Karkhana on monthly basis. PREL shall raise bill on the Karkhana for electricity and steam supplied (net of return condensate) by PREL to the Karkhana during the previous month. The Karkhana shall make payment for such supply within 30 days thereof.



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- 8.11 It is expressly provided that continuous and uninterrupted supply of power and steam by PREL to the Karkhana in accordance with requirements mentioned in Schedule - I is essence of this Agreement based on fulfillment of mutual obligations by the Parties. PREL should make best endeavors to ensure continuous and uninterrupted supply of power and steam to the Karkhana, particularly during the Crushing Season. In case of Forced outage, PREL would make best efforts to provide power up to the limits specified in Schedule - I to the Karkhana through MSEDCL or any alternative source at the sole costs of Karkhana. PREL shall make best endeavors to maintain supply of steam by keeping its boiler operational and supplying through Pressure Reducing and De-Superheating Station ("PRDS").
- 8.12 Without prejudice to above, in case of failure on the part of PREL to supply assured quantity of electricity and steam as mentioned in Schedule - I, the Karkhana shall be free to take such steps as it thinks appropriate including purchase of electricity/ steam from any other party or generation thereof in captive facilities, if any. Any difference between the actual price paid or actual cost incurred by the Karkhana for purchase/ generation of electricity/ steam and the contracted rate mentioned in Schedule - II shall be borne by PREL. The Karkhana shall deduct such amount from any sums payable by it to PREL.
- 8.13 The Karkhana shall submit to PREL by 1st (first) day of every month for the requirement of the following month, a monthly schedule of its estimated power and steam requirement for the next month.
- 8.14 The Karkhana undertakes not to supply electricity to any third party, other than those mentioned in Schedule I, with or without consideration.

9.0 ADDITIONAL COMPENSATION

- 9.1 In case of Current Tariff being higher than the Base Tariff, PREL shall pay to the Karkhana additional compensation being 25% share in the enhanced sales realization (net of all expenses related to sale of power)

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for surplus power generated using bagasse supplied by the Karkhana. However revenue shall be shared with the Karkhana under this clause subject to Karkhana supplying minimum quantity of bagasse and biogas as agreed to in this Agreement. The amount of such additional compensation shall be calculated by following formula and shall be paid within 3 months of close of the financial year:

$AC = ((BS \times CSCF) - PS) \times (CT - BT) \times 25\% + ((BF \times OSCF) - PF) \times (CT - BT) \times 25\%$
Where-
AC = Additional Compensation for a financial year
BS= Quantity in MT of bagasse and bagasse equivalent of biogas supplied by the Karkhana to Co-gen Facility during the crushing season.
BF= Quantity in MT of bagasse and bagasse equivalent of biogas supplied by the Karkhana to Co-gen Facility during the off-crushing season.
PS= Quantity in KWh of power supplied by the Co-gen Facility to the Karkhana during the crushing season.
PF= Quantity in KWh of power supplied by the Co-gen Facility to the Karkhana during the off-crushing season.
CT= Current Tariff (including escalations, if any) applicable to the relevant year.
BT= Base Tariff (including escalations, if any) applicable to the relevant year.
CSCF = Crushing Season Conversion Factor shall for the first three years from COD be equivalent to the actual units generated per MT of bagasse during the crushing season of the first year of operations. Thereafter, the CSCF shall be mutually revised on the third anniversary of the COD and every subsequent three years thereafter based on actual operation and generation data during the crushing season. For e.g. CSCF for 4 th year to 6 th year from COD shall be decided on 3 rd anniversary of the COD and shall be based on the actual operating data beginning from the COD till one day prior to 3 rd anniversary of COD.
OSCF = Off Season Conversion Factor shall for the first three years from COD be equivalent to the actual units generated per MT of bagasse during the off season of the first year of operations. Thereafter, the OSCF

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shall be mutually revised on the third anniversary of the COD and every subsequent three years thereafter based on actual operation and generation data during the off season. For e.g. OSCF for 4th year to 6th year from COD shall be decided on 3rd anniversary of the COD and shall be based on the actual operating data beginning from the COD till one day prior to 3rd anniversary of COD.

- 9.2 PREL shall also pay to the Karkhana additional compensation being 25% of the net cash inflow from the sale of Carbon Credits (under the United Nations Framework Convention on Climate Change (UNFCC) Clean Development Mechanism) ("CDM Benefits") generated by the Co-Gen Facility from the bagasse/biogas supplied by the Karkhana. Net cash inflow from sale of Carbon Credits shall be calculated after meeting all related expenses including consultant fees, validator fees and other out of pocket expenses. However revenue shall be shared with the Karkhana under this clause subject to Karkhana supplying minimum quantity of bagasse and biogas as agreed to in this Agreement.

10.0 SUPPLY OF WATER

- 10.1 PREL shall make its own arrangement for procurement, piping and storage of water for the Co-generation Facility. It shall apply and obtain permission for drawal of required water from the government sources. The Karkhana shall proactively help PREL in obtaining approval for water supply from Government sources. The Layout Plan of the water supply system shall be finalized in consultation with the Karkhana.

Keeping in view regular supply of steam to Karkhana by PREL, the Karkhana shall supply surplus water available with the Karkhana to PREL.

Water requirement of PREL during construction period of the Co-generation Facility and for hydraulic testing and chemical cleaning of boiler shall be met by the Karkhana.

- 10.4 For water supplied by the Karkhana to PREL, PREL shall pay price at actual cost to the Karkhana.

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10.5 The water supplied by the Karkhana to PREL shall be normal canal water.

11.0 DISPOSAL OF ASH AND EFFLUENTS

11.1 PREL shall be responsible for all pollution control and environmental protection measures required with respect to setting up and operation of the Co-generation Facility.

11.2 PREL shall collect and dispose off Ash to a facility of its own. PREL will treat the Effluent resulting from the operation of the Cogeneration Facility as per Maharashtra Pollution Control Board ("MPCB") norms and the aforementioned treated effluent shall be given to Karkhana for disposal.

12.0 DUTIES AND TAXES

12.1 All prices mentioned above or in the Schedules, for transfer of steam or power or any other charges are exclusive of duties and taxes, as applicable. Duties and taxes, as applicable shall be extra and shall be borne by the purchaser/Karkhana.

12.2 The prices of Bagasse and Bio-gas as mentioned in Schedule -II are inclusive of all taxes and duties. Any input credit of duties and taxes availed by PREL relating to purchase of Bagasse and Biogas shall be refunded to Karkhana.

12.3 Stamp duty for the execution, adjudication and registration of this agreement shall be borne by both the Parties equally.

In order to improve its financial viability, the Karkhana shall have option at all time during the term of this agreement, and PREL is agreeable to the same, to get part of its bagasse and biogas processed and converted into steam and power by PREL and returned to the Karkhana on conversion charges basis. Conversion charges in such situation shall be calculated in such manner that only the benefit of savings in taxes, if any, shall be to

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the account of the Karkhana. The quantity of Bagasse and Biogas so processed on conversion charges basis and steam and power returned by PREL shall be deemed to have been supplied to either party in fulfillment and satisfaction of their respective obligation for supply of such items.

13.0 MODIFICATIONS IN SUGAR PLANT

13.1 The Karkhana shall, inter alia, carry out following changes and modification in its sugar plant. PREL shall facilitate such modernization in terms of and as specified in Clause 13 herein below.

- (a) The Karkhana shall replace all existing mill drives by AC/ DC Drives.
- (b) The Karkhana shall make such changes in the Boiling House of its sugar plant in order to bring down the steam consumption in the sugar plant upto a level not exceeding 40% of the cane crushing.

13.2 The Karkhana shall prepare detailed plan of modification in its sugar plant in consultation with PREL. The modifications shall be carried in such manner that these are completed well in advance of the schedule of commissioning of the Cogeneration Facility. The Karkhana shall keep close co-ordination with PREL in implementation of this modification plan and shall keep PREL informed on regular basis of the progress made. PREL shall be entitled to appoint independent technical consultants and avail their services for this work.

13.3 Even after completion of the sugar plant modifications, the Karkhana shall not discard or dispose off its steam and power generating facilities and keep them as standby units for the duration of two ensuing Crushing Seasons.

13.4 Completion of sugar plant modifications and commissioning of the Cogeneration Facility, in tandem, is essential part of this Agreement. Both Parties shall keep close coordination, keep each other informed in writing and make all endeavors to avoid any mismatch in timing of completion of the two activities. It is advisable that the two activities are completed

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ahead of Crushing Season of the sugar plant so that there is no disruption of production activity in the sugar plant during the Crushing Season. However, if it becomes unavoidable and the Cogeneration Facility has to be commissioned in the mid of Crushing Season, the same should not result in stopping of production activity in the sugar plant of the Karkhana for more than 7 working days or any such reasonable days more than 7 days that is mutually agreed by the Parties.

13.5 In case of the Karkhana completing its sugar plant modifications and replacing its mill drives by AC/ DC drives; and PREL is not in a position to commission its Cogeneration Facility, for any faults other than that of the Karkhana's, and meet power and steam requirements of the Karkhana as specified in Schedule I; and the Crushing Season starts off, then in that case, the Karkhana shall be free to start the production activity in its sugar plant by utilizing its standby power and steam generating facilities and if such power and steam is insufficient by sourcing power and steam from such sources as the Karkhana may find appropriate. Any additional cost incurred by the Karkhana in such case on sourcing of power and steam from alternative sources over the contracted price (as per Schedule -II) should be borne and paid by PREL.

13.6 Before integration of Cogen Facility with Karkhana's operations during the Crushing Season, PREL shall install / erect / complete / commission 132kV evacuation line to MSEDCL and make necessary arrangements for purchase and supply of power from MSEDCL to the Karkhana.

13.7 The Karkhana shall be free to make such other changes in its sugar plant or other plants, now or in future, as it thinks fit. However, in case such changes result in higher consumption of power or steam drawn from Cogeneration Facility, the Karkhana shall have prior consultation with PREL and shall carry out such changes after taking prior written consent of PREL. Such consent will not be unreasonably withheld by PREL.



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14.0 FUNDING OF SUGAR MILL MODERNISATION

- 14.1 For the purpose of modernization and necessary changes required to be carried out by the Karkhana as mentioned in Clause 13.1 hereinabove, PREL had agreed to spend upto Rs. 20,00,00,000/- (Rupees Twenty Crores).
- 14.2 The Karkhana acknowledges the receipt of Rs.8, 50, 00,000/- (Rupees Eight Crores Fifty Lakhs only) from PREL towards the modernization Funding as provided in above Clause 14.1. This amount has been used to fund the following activities of modernization and upgradation in the sugar mill of the Karkhana.
- Replacement of existing five high head vacuum pans by new low head batch type vacuum pans and modification of existing semi-kestner
 - Design, fabrication supply and erection of continuous pans of 30 TPH capacity
 - Design, fabrication, supply and erection of 2 nos. evaporators of 3200 sq.m. HAS and two nos. Evaporators of 2000 sq.m. HAS
- 14.3 The balance amount of Modernization Funding shall be provided by PREL to the Karkhana upon receipt of specific request from the Karkhana and shall be in proportion to progress of modernization.
- 14.4 At the request of the Karkhana, PREL shall release the amounts to the nominated contractor who will be carrying out the modernization of the Karkhana's Sugar Plant at Pravaranagar. Any request for release of the aforesaid advance amount shall be attached with a copy of the bill received from the nominated contractor. Such direct payment by PREL to the nominated contractor, as the request of Karkhana, shall be considered towards PREL meeting its obligation of Modernization Funding.
- 14.5 The Karkhana shall be monitoring the progress and quality of the modernization works on a day-to-day basis and shall be responsible for

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the sufficiency and technical efficiency of the equipments designed, supplied, erected and commissioned for the purposes of modernization/upgradation PREL shall not have any obligation whatsoever towards any works of modernization, except for releasing Modernization Funding.

14.6 The billing for purchase, erection and commissioning of various equipments and assets forming part of sugar mill modernization shall be made by the suppliers directly in the name of the Karkhana. The Karkhana shall be the sole owner of such equipments and assets and shall be free to take set off/ credit for any duties and taxes paid thereon.

14.7 Karkhana agrees that the Modernization Funding shall be adjusted in the following manner:

- a. Out of the total amount of Modernization Funding, a sum of Rs. 5,00,00,000/- (Rupees Five Crores) shall stand adjusted upon and against the Karkhana providing 80,000 M.T. of Bagasse to PREL. The Karkhana shall provide the Bagasse quantity of 80,000 M.T. to PREL, free of any additional costs, charges etc., three months prior to COD of the Co-Gen Facility as notified by PREL to the Karkhana. PREL shall not be required to pay any additional amount for purchase of such 80000 MT of bagasse.
- b. Further, out of the total amount of Modernization Funding, the balance sum shall be adjusted against the price of supply of Bagasse & Bio-gas to be provided by the Karkhana to PREL, starting from the COD, @ Rs.125/- (Rupees One hundred twenty five only) per MT, until the full amount of Modernization Funding is adjusted.



14.8 Karkhana shall supply to PREL the specified quantity of bagasse as per Clause 14.7 (a) above within the specified time period. If the Karkhana fails to deliver such specified quantity of Bagasse or delivers to PREL only part of the said quantity then the Karkhana shall procure the same from the open market and make available the outstanding quantity of Bagasse

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to PREL within 7 days from the time specified hereinabove failing which PREL shall be entitled to procure it from the open market at Karkhana's cost and consequence. PREL shall raise an invoice of the cost incurred to procure such Bagasse, on the Karkhana and the Karkhana shall make payment of the same within 15 days from the date of such invoice. If the Karkhana fails to make the payment to PREL as per the invoice raised then to the extent of the unpaid amount from such invoice, the said amount shall be recovered from the amounts due and payable to the Karkhana by PREL as per the provisions of this Agreement.

15.0 TERM OF AGREEMENT

- 15.1 The term of this Agreement shall be from the date of signing of this Agreement until the Assets Transfer Date.
- 15.2 PREL will operate the Co-generation Facility until the Assets Transfer Date in accordance with the terms of this Agreement.

16.0 TRANSFER OF CO-GENERATION PLANT

- 16.1 On the Assets Transfer Date, PREL shall, subject to the provisions of clauses below, transfer the Co-generation Facility to the Karkhana in normal working condition.
- 16.2 The Karkhana shall pay a lump sum consideration of Rs. 1,00,000/- (Rupees One Lakh) to PREL for transfer of the Co-generation Facility to the Karkhana. Any duty and taxes including stamp duty on assets transfer shall be borne and paid by the Karkhana.
- 16.3 It is obligatory on the part of PREL to maintain Co-generation Facility in normal working condition at the time of transfer to the Karkhana. PREL shall be required to demonstrate and establish this by running the Co-generation Facility for a continuous period of 7 days any time during last month of operation before Assets Transfer Date. The Cogeneration Facility shall be said to be in normal working condition if it is able to operate at more than 60% of its rated power generation capacity and its



fuel consumption is not more than 115% of the standard consumption with reference to actual power generation during demonstration period.

- 16.4 If PREL fails to demonstrate and establish that the Co-generation Facility is in normal working condition by running it for a continuous period of 7 days and achieve performance parameters as mentioned above, then PREL shall repair and bring the Co-generation Facility to normal working condition at the cost of PREL.
- 16.5 Both Parties agree that the maximum financial obligation of PREL under clause 16.4 above towards the cost for refurbishment will not exceed Rs. 2,00,00,000/- (Rupees Two Crores) on the Assets Transfer Date.
- 16.6 One month prior to the Assets Transfer Date, PREL shall prepare and provide to the Karkhana a Transfer Inventory Report which will include a full inventory of all the immovable and moveable assets, plant and machinery, utilities, spare parts, tools and consumables forming part of the Co-generation Facility. The Karkhana shall have right to physically verify the inventory submitted by PREL.
- 16.7 One month prior to the Assets Transfer Date, PREL shall also prepare and provide to the Karkhana a Statement of Liabilities which will include a full list of liabilities relating to the Co-generation Facility including statutory dues, workers' dues (including accrued but unpaid amount of post retirement benefits) of retiring as well as continuing employees and other liabilities having lien on the Co-generation Facility. It will be the obligation of PREL to pay and discharge all such liabilities. Alternatively, PREL shall transfer sufficient realizable current assets and bank balances to the Karkhana for payment and discharge of such liabilities by the Karkhana at a later date.
- 16.8 The transfer of the Co-generation Facility shall include the transfer of the employees of the Co-generation Facility to the Karkhana on terms and conditions as prevalent on the Assets Transfer Date. However, the Karkhana shall be free to transfer such employees to any department or office of the Karkhana at any location.

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16.9 In the event, 180 days prior to the Assets Transfer Date, the Karkhana does not intimate its intention to buy the Co-generation Facility from PREL on the Assets Transfer Date, the right of the Karkhana to buy the Cogeneration Facility shall be forfeited. PREL shall have the right to sell, dispose and transfer the assets of the Co-generation Facility in a manner PREL deems fit to any third party. It is expressly provided that the term of the land lease under the Land Lease Agreement shall be extended (PREL shall have the option to take or not to take the such full extension) on the same terms provided herein, for a further period of two years to enable PREL to transfer the Co-generation Facility to a third party.

16.10 Provisions of this clause for transfer of Co-generation Facility to the Karkhana on the Assets Transfer Date shall have over-riding effect on other provisions of the Agreement and shall take effect notwithstanding there remaining any unresolved dispute between the Parties or either Party having claim outstanding against the other or any amount payable under the Agreement remaining outstanding or any Party having committed any breach of its obligations, all of which, if any, shall be settled as per provisions contained hereunder under the heading Settlement of Disputes. The Karkhana may retain amount up to Rs. 1,00,00,000/ (Rupees One Crore) towards provision for refurbishment of the Cogen Facility to bring the Cogen Facility to a normal working condition as mentioned in clause 16.3 above. Any dues above Rs. 1,00,00,000/ (Rupees One Crore) payable by the Karkhana to PREL shall be paid before actual transfer of the Co-generation Facility.

17.0 VARIATION IN TERMS AND AMENDMENTS

17.1 Parties shall be free to amend any provision of this Agreement by mutual consent. All amendments to the provisions of this Agreement shall be in writing, signed by the Authorized Representatives on behalf of each of the parties.

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18.0 INTEREST ON LATE PAYMENTS

18.1 If any amount to be paid by either Party hereunder is not paid on or before the due date, such Party shall pay to the other Party interest on unpaid dues from the due date to the date on which payment is actually received at the rate 2% above the prevailing State Bank of India Short Term Lending Rate (SBI STLR).

19.0 STANDARDS OF PERFORMANCE

19.1 Each Party shall perform its obligations in a safe and efficient manner and in accordance with all applicable legal requirements, including without limitation those relating to health, safety, pollution control and labour laws and in accordance with the requirement of the insurance policies.

20.0 NEGATIVE UNDERTAKINGS

20.1 Except as otherwise specified in this Agreement or under express written authorization of the other Party from time to time, neither Party shall describe or in any way represent itself as agent or representative of the other Party. Further, neither Party shall make any warranty or representation relating to the other Party without the other Party's prior approval.

21.0 ACCESS FOR REPRESENTATIVES

21.1 Both Parties shall permit representatives of each other to visit or be present at each other's plants on reasonable prior notice provided that such representatives shall conform with the Party's safety requirements; and shall not in any way interfere with the operations or personnel of the plants.



22.0 INSURANCES

22.1 The Parties hereto will at all times during the term of this Agreement obtain and maintain such policies of insurance as they may from time

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to time mutually determine to be necessary to comply with applicable legal requirements and the provisions of this Agreement (including employer's liability, workmen compensation insurance, third party insurance and insurance for bagasse stored). Both Parties shall ensure that risks arising out of proximity to each other are duly insured. Each Party shall bear the expense of insurance of their own assets and their own obligations. Each Party shall, as soon as they become available, provide copies of such insurance policies to the other Party. Insurance cover shall be limited to Co-generation Facility.

22.2 Nothing contained in this clause shall prevent the other Party from effecting at its own expense any other insurance coverage. In no event shall the act of taking insurance for third party damages be taken as admission of liability in respect of any loss that the other Party may suffer or incur.

22.3 Each Party shall promptly notify the other Party as soon as it becomes aware of any circumstances that could give rise to a claim under any of the insurance policies taken by either Party. Each Party shall provide to the other Party on request with such information as it may reasonably require enabling the other Party to make or process claims under the insurances.

23.0 REPRESENTATIONS & WARRANTIES

23.1 Each of the Parties represents and warrants to the other that:

- a. it is a company/ Cooperative Society duly organized, validly existing and is current on all payments to maintain such existence under the laws of India;
- b. it has all necessary power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under the agreements to which it is or is to be a party;
- c. it is qualified and licensed to do business in India and waives any right of immunity which it or its assets, property or revenues now

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has, may acquire in the future or which may be attributed to it in any jurisdiction,

- d. it has all necessary power and authority to execute, deliver, and perform its obligations under this Agreement, and each of the execution, delivery and performance by it of this Agreement has been duly authorized by all necessary action on its part, does not require any approval, except as has already been obtained, of its Board of Directors or any consent of or approval from any trustee, lessor or holder of any indebtedness or other of its obligations, except for such as have been duly obtained except Sugar Commissioner approval which shall be granted after submission of executed copy of this Agreement, and does not contravene or constitute a default under the documents which establish or maintain its constitution or, to the best of its knowledge, any provision of applicable legal requirements or any agreement, judgment, injunction, order, decree or other instrument binding upon it; and it is in compliance with all applicable legal requirements and Governmental authorizations (i) which govern its ability to perform its obligations under this Agreement, or (ii) the non-compliance with which would have a material adverse effect on its ability to perform its obligations under this Agreement;
- e. neither the execution and delivery by it of this Agreement, requires the consent or approval of, the giving notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of, any Governmental Instrumentality;
- f. it has duly and validly executed and delivered this Agreement, and this Agreement constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms;
- g. it is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to complete its obligations under this Agreement;
- h. there is no action, suit or proceeding, at law or in equity, or official investigation before or by any government authority, arbitration tribunal or other body pending or, to the best of its

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knowledge, threatened against or affecting it or any of its properties, rights or assets, which could reasonably be expected to result in a material adverse effect on its ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.

24.0

FORCE MAJEURE

24.1

"Force Majeure" or "Force Majeure Event" shall mean the following events and circumstances to the extent that they, or their consequences, have an effect on the operation of this Agreement:

(a) Act of God, fire or explosion, epidemic, earthquake, cyclone, flood, lightning, whirlwind, tempest, storm, drought and air-crash at or in the immediate vicinity of the Co-generation Facility;

(b) Act of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riots, insurrection, civil commotion, religious strife, act of terrorism, or sabotage.

(c) Strikes and lockout affecting the power or sugar industry as a whole.

(d) The expropriation or compulsory acquisition or seizure of the assets of PREL or the Karkhana or any exercise of a sovereign or executive prerogative by the Government of India or the Government of Maharashtra or any Competent Authority thereof, provided that this sub-clause shall not apply where such act constitutes a remedy or sanction lawfully exercised as a result of a breach by the Parties hereto of any law or government directive.

24.2

No failure, delay or omission by either Party to fulfill, wholly or in part, any of its obligations pursuant to this Agreement (other than the obligation to make payments when due) shall give rise to any claim against such Party, or be deemed to be breach of this Agreement, if and

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to the extent that such failure, delay, or omission arises from Force Majeure.

24.3 Such Party's obligations shall be suspended, as long as and to the extent that its obligations are affected by such Force Majeure.

24.4 A Party claiming Force Majeure relief shall:

(a) give immediate Notice to the other Party of the event said to constitute Force Majeure, and the obligations whose performance could be delayed, reduced, or prevented thereby, and as soon as practicable information about the circumstances of such event, in as much detail as is then reasonably available, and the steps and time believed necessary to mitigate and remedy the Force Majeure situation;

(b) supplement and update the above Notices on a daily basis during such claimed Force Majeure period;

(c) give or procure access, at the request, expense and risk of the other Party and at reasonable times for a reasonable number of the other Party's representatives, to examine the scene of the event which gave rise to the Force Majeure claim; and

(d) proceed with diligence and its own expense to take such steps as would reasonably and ordinarily be expected from a skilled and experienced party engaged in the same type of undertaking and under the same or similar circumstances, to mitigate and remedy the failure as soon as possible.

24.5 Prior to resumption of normal performance, the Parties shall continue to perform their obligations pursuant to this agreement, to the extent not prevented by such Force Majeure event.

24.6 In the event of Force Majeure the Assets transfer Date shall be extended by period of time during which the Cogen Facility was shut down.

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24.7 If any event of Force Majeure continues for a period in excess of 120 days in a continuous period of 365 days and in view of the Parties such event of Force Majeure cannot be mitigated or remedied, the Agreement shall be terminated.

25.0 EVENTS OF DEFAULT AND TERMINATION

25.1 Events of Default

Event of Default means either Karkhana Event of Default or PREL Event of Default or both as the context may admit or require.

a. Karkhana Event of Default

Any events that are solely attributable to the Karkhana shall constitute an event of default by the Karkhana ("Karkhana Event of Default") unless caused by PREL Event of Default or any Force Majeure event. The Karkhana Event of Default shall mean to include as under:-

- I. Karkhana fails to fulfill its obligations under this Agreement thereby making the overall performance of the Agreement and the operation of the Co-generation Facility unworkable and such failure is not reversed or set right within the notice period mentioned above.
- II. As part of a scheme of arrangement or composition with its creditors, Karkhana makes any assignment for the benefit of its creditors generally and which is not reversed within 90 days of a written notice from the terminating Party.
- III. A receiver or similar officer is appointed or court proceedings are issued for such an appointment in respect of all or any material part of the Karkhana's assets.
- IV. An effective order is made or an effective resolution is passed for the liquidation, winding-up or dissolution of the Karkhana.
- V. If an attachment, restraint, execution or distress has been levied on whole or part of the Leased Land or proceedings have been taken or commenced.

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- VI. In case Karkhana fails to fulfill its obligations of supplying bagasse and biogas as per the provisions contained in this Agreement for two continuous Crushing Seasons.
- VII. If the Karkhana fails to maintain the operational parameters of its sugar factory as laid down in Clause 13.1 (a) and Clause 13.1 (b) of this Agreement for a continuous period of 120 days.
- VIII. Any regulatory order or intervention by the Sugar Commissioner/ or such regulatory authority which has an adverse effect on the Project or is likely to have an adverse effect on the PREL.
- IX. Any payments which have become due and payable by the Karkhana to PREL as per this Agreement and the same have not been paid for a period of 180 days.
- X. Any default has occurred in the performance or observance of any other covenant or condition or agreement under this Agreement and such default has continued for a period of 30 (thirty) days from the date of such default.
- XI. Any representation or warranty of the Karkhana herein contained which is, found to be materially false or the Karkhana is at any time hereafter found to be in breach thereof.

b. PREL Event of Default

Any events that are solely attributable to PREL shall constitute an event of default by PREL ("PREL Event of Default"), unless caused by Karkhana Event of Default or a Force Majeure Event. The PREL Event of Default shall mean to include as under:-

- I. PREL fails to fulfill its obligations under this Agreement thereby making the overall performance of the Agreement and the operation of the Co-generation Facility unworkable and such failure is not reversed or set right within the notice period mentioned above.
- II. As part of a scheme of arrangement or composition with its creditors, PREL makes any assignment for the benefit of its creditors generally and which is not reversed within 90 days of a written notice from the terminating Party.

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- III. A receiver or similar officer is appointed or court proceedings are issued for such an appointment in respect of all or any material part of the PREL's assets.
- IV. An effective order is made or an effective resolution is passed for the liquidation, winding-up or dissolution of the PREL.
- V. In case PREL fails to fulfill its obligations of supplying power and steam as per the provisions contained in this Agreement for a continuous period of 120 days in a Crushing Season.
- VI. Any payments which have become due and payable by PREL to the Karkhana as per this Agreement and the same have not been paid for a period of 180 days.
- VII. Any default has occurred in the performance or observance of any other covenant or condition or agreement under this Agreement and such default has continued for a period of 30 (thirty) days from the date of such default.
- VIII. Any representation or warranty of PREL herein contained which is, as of the date hereof, found to be materially false or the PREL is at any time hereafter found to be in breach thereof.

25.2 **TERMINATION**

a. **Termination Procedure**

- I. In case of an Event of Default, the Affected Party may serve a notice to the defaulting party stating that an Event of Default under this Agreement has occurred and the same should be remedied within 60 days. In case the defaulting party fails to remedy such Event of Default within the notice period, the Affected Party shall have a right to terminate this Agreement by serving a termination notice.
- II. Upon termination of this Agreement, all Parties shall, subject to the terms of this Agreement, pay to the other Parties, within 30 days of the date of termination of the Agreement, any consideration or amounts payable in respect of goods and services provided up to and including such date of termination

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but remaining unpaid. The provisions of this clause shall survive termination of this Agreement and shall be without prejudice to the rights of either Party to claim damages as a result of any breach by the other Party of its obligation under this Agreement, whether prior to or arising out of the termination of this Agreement.

b. Rights and obligations in case of Termination due to Events of Default or Force Majeure

i. Termination for Karkhana Event of Default:-

PREL shall have the right (at its own discretion) to enforce either of the following rights:

1) Continue to operate its Co-generation Facility situated on the Leased Land and in which case the Karkhana shall continue to supply quantity of bagasse and biogas required for the operation of the Co-generation Facility as abovementioned in clauses 6 and 7, with the quality as mentioned in Schedule I to PREL; and

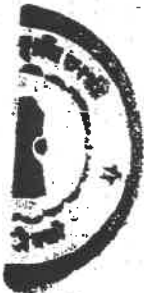
PREL will generate power and steam therein up to the Assets Transfer Date and sell such power and steam to the Karkhana, MSEDCL or other customers / consumers; or

2) Require the Karkhana to buy the Co-generation Facility at the Fair Market Value. Such Fair Market Value shall be determined by the independent Category I Merchant Banker to be appointed jointly by Karkhana and PREL; or failing which

3. Transfer the Co-generation Facility to any third party to recover its cost.

And in any of the above rights being enforced the Karkhana hereby agrees, undertakes and covenants not to, in any manner,

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obstruct the working or the operation of the Co-generation Facility and not to commit any acts or deeds which will have adverse effect on the operation and functioning of the Co-generation Facility and to extend full co-operation in enforcement of the rights by PREL.

II. Termination for PREL Event of Default

The Karkhana shall have the right to buy the Co-generation Facility at a 90% of the Fair Market Value. The Fair Market Value shall be determined by the independent Category I Merchant Banker to be appointed jointly by the Karkhana and PREL.

III. Termination due to Force Majeure

In case of termination due to Force Majeure, Karkhana may take over the Cogen Facility by payment of all Debt Due less Insurance Payments, if any.

26.0 GRANTS AND SUBSIDIES

26.1 The Karkhana shall be entitled to the following grants/subsidies, to be received from the Central & State Govt.:-

- a. Exemption from Sugarcane Purchase Tax or any replacement or substitution thereof granted or to be granted to the Sugar Mills.
- b. Any other grant or subsidy, present and future, which is specifically granted for the benefit of the Karkhana.

26.2 All applicable grants and subsidies for cogeneration power projects, if available, shall be utilized by PREL. These include:

- a. VAT/CST Exemption
- b. Excise/Customs Exemption
- c. MNRE Grant
- d. Capital subsidy for installation of evacuation infrastructure
- e. Any other grant or subsidy available to the cogeneration power project.

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27.0 NO LIABILITIES

- 27.1 Till the Asset Transfer Date, no financial or legal matters pertaining to the Cogen Facility shall devolve upon the Karkhana, however the Karkhana shall with its best endeavors assist PREL in case of any financial or legal issues affecting the project.
- 27.2 On the Assets Transfer Date, PREL shall ensure that there are no financial encumbrances over the project/project assets.

28.0 NO OBSTRUCTION

- 28.1 The Karkhana shall not create any kind of obstruction or interference in the work of PREL till the subsistence of this Agreement.

29.0 CHANGE IN LAW

- 29.1 Both Parties agree that in case of any Change in Law which benefits one Party and simultaneously has an adverse impact on the other Party, the benefiting Party shall compensate the affecting Party to the extent of such losses suffered by the affected Party but in any case not more than the benefit received by the benefiting Party.
- 29.2 In case of any Change in Law which cannot be mitigated by sharing the benefits of the benefiting Party as mentioned above and has material effect on the financial viability of the Sugar plant or the Co-gen Project, the affected Party, being Karkhana or PREL, as the case may be, shall have the option to buy or sell respectively the Co-generation Facility at 90% of the Fair market value. Such Fair Market Value shall be determined, as if the Change in Law had not occurred, by a Category-I Merchant Banker jointly appointed by the Parties.



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30.0 NON-COMPETE

30.1 The Karkhana shall neither through itself nor through any of its affiliates in which it has interest - construct, procure any such parallel Co-generation Facility during subsistence of this Agreement.

31.0 REPRESENTATIVES

31.1 Each of the Company and the Karkhana shall nominate in writing a representative/designees who shall have authority to act for that party under each and all of the project agreements. These representatives shall be known respectively as "Company's Representative" and "Karkhana's Representative".

31.2 Subject to any limitations in writing to the other and subject to the limitation that either the Company's representative and or the Karkhana's representative shall have authority to amend or modify the terms of Project Agreement, each party shall be entitled to presume that the other party's representative or its designees has the full authority of that party.

32.0 NOTICES

32.1 Any notice or other communication required to be given pursuant to a project agreement shall be in writing and may be given by delivery of the same by hand at, or by sending the same by prepaid registered mail or courier or by facsimile to, the relevant address set out below or such other address as either the company or the Karkhana may notify to the other party from time to time. Any such notice given as aforesaid shall be deemed to have been given or received at the time of delivery (if delivered by hand), 3 days after the date of dispatch if sent by courier, or on the first working day following the day of transmission (if sent by facsimile).

A. To the Karkhana:
The Managing Director,
Padmashri Dr Vithalrao Vikhe Patil Sahakari Sakhar Karkhana

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Pharby

Ltd., Post Pravaranagar, Tal. Rahata, Dist. Ahmednagar-413 712 Phone: (02422) 252301-04 Fax: (02422) 253397
<u>B. To Pravara Renewable Energy Limited:</u> The Director Pravara Renewable Energy Limited Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai- 400 025. Phone: (022) 6111 4133 Fax: (022) 6111 4025

33.0 PREVIOUS AGREEMENT

33.1 It is expressly provided that this Project Development Agreement constitutes the entire agreement between the parties and supersedes any pre-existing agreements including the Memorandum of Terms dated 23rd August 2007 and any oral or written communication between the parties. The Karkhana shall accept any reasonable modification to this agreement as may be required by PREL either by reason of requirement of lenders or to give effect this agreement for smooth design, engineering, development, procurement, construction, installation, erection commissioning and operation of Co-generation facility.

34.0 NO PARTNERSHIP

34.1 Neither this Agreement nor the performance by the Parties of their respective obligations hereunder shall constitute a partnership between the Parties hereto.

35.0 ASSIGNMENT AND NOVATION

35.1 This Agreement may be assigned by either Party with the prior written consent of the other Parties and such consent shall not be unreasonably

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withheld. Provided however, no such prior written consent will be required for assignment of this agreement in case of substitution by the lenders of PREL in case of default under the financing documents.

36.0 SUCCESSORS AND ASSIGNS

36.1 This agreement shall be binding upon, and insure to the benefit of, the Parties hereto and their respective successors and permitted assigns.

32.0 EXCLUSION OF IMPLIED WARRANTIES, ETC.

32.1 This Agreement expressly excludes any warranty, condition or other undertaking implied at law or by custom or otherwise arising out of any other agreement between the Parties or any representation by either Party not contained in this Agreement. Each of the Party acknowledges and confirms that it does not enter into this Agreement in reliance on any warranty, condition, undertaking, agreement or representation so excluded.

33.0 DISPUTE RESOLUTION

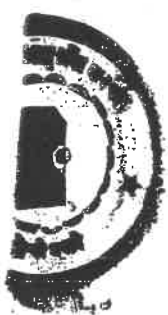
33.1 AMICABLE RESOLUTION

- (a) Save where expressly stated to the contrary in this Agreement, any dispute, difference or controversy of whatever nature between the Parties, howsoever arising under, out of or in relation to this Agreement including disputes, if any, with regard to any acts, decision and so notified in writing by either Party to the other (the "Dispute") shall in the first instance be attempted to be resolved in accordance with the procedure set forth in sub-article (b) below.
- (b) Either Party may require such Dispute to be referred to the Sugar Commissioner, Maharashtra State, Pune and upon such reference, the Sugar Commissioner shall attempt to resolve the Dispute and pass its decision thereon. The language for communication of such decision shall be English, if the Dispute is not settled by the Sugar Commissioner within

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reasonable time or if either Party are not agreeable to the decision made by the Sugar Commissioner, either Party may refer the Dispute to arbitration in accordance with the provisions of Clause 33.2 below.

33.2 RESOLUTION

(a) Procedure

Subject to the provisions of clause 33.1, any Dispute which is not resolved shall be finally settled by binding arbitration under the Arbitration and Conciliation Act, 1996 or any modification, amendment or re-enactment or the applicable law of arbitration in India ("The Arbitration Act"). The arbitration shall be by a panel of three arbitrators, one to be appointed by each Party and the third to be appointed by the two arbitrators appointed by the Parties. The Party requiring arbitration shall appoint an arbitrator in writing, inform the other Party about such appointment and call upon the other Party to appoint its arbitrator. If within 15 days of receipt of such intimation the other Party fails to appoint its arbitrator, the Party seeking appointment of arbitrator may take further steps in accordance with The Arbitration Act.

(b) Place of Arbitration

The place of arbitration shall be Mumbai.

(c) English Language

The request for arbitration, the answer to the request, the terms of reference, any written submissions, any orders and awards shall be in English and, if oral hearings take place, English shall be the language to be used in the hearings.

(d) Enforcement of Award



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The Parties agree that the decision or award resulting from arbitration shall be final and binding upon the Parties and shall be enforceable in accordance with the Provision of the Arbitration Act.

(e) Performance during Arbitration

Pending the submission of and/or decision on a Dispute and until the arbitral award is published, the Parties shall continue to perform their respective obligations under this Agreement without prejudice to a final adjustment in accordance with such award.

34.0 CONFIDENTIALITY

34.1 The Parties hereto shall furnish to each other all data and information as is necessary or required by the other Party for the purposes of performing their respective obligations under this Agreement. The other Party shall hold such data and information confidential and shall not divulge it in any way to any third party, without prior written approval of the Party providing such information.

34.2 The provisions of above sub-clause shall not extend to the data and information which the other Party can show (a) was at the time of receipt in the public domain or which subsequently became part of the public domain other than by any breach of covenant hereunder; or (b) was lawfully acquired from the third parties who had full rights to disclose it.

34.3 The Parties hereto shall remain bound by the provisions of this confidentiality clause even after termination or expiry of this Agreement for a period of 5 (five) years thereafter.

35.0 WAIVER

35.1 Waiver by either Party of any default by the other Party in the performance of any provisions of this Agreement (a) shall not operate or be construed as a waiver of any other or further default; and (b) shall not



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be effective unless it is in writing and executed by a duly authorized representative of the Party.

35.2 Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this Agreement nor time or other indulgence granted by one Party to the other shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect.

36.0 SURVIVAL

36.1 Cancellation, expiration, or earlier termination of this Agreement shall not relieve the Parties of the obligations that by their nature should survive such cancellation, expiration or termination including warranties, remedies, promises of indemnity and confidentiality.

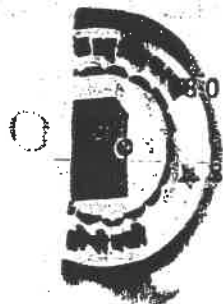
37.0 SEVERABILITY

37.1 If any provision contained in this Agreement is or becomes ineffective or invalid or is held to be ineffective or invalid by a competent authority or Court having final jurisdiction thereon, all other provisions of this Agreement shall remain in full force and effect and there shall be substituted for the said provision such valid and effective provisions as have economic effect as similar as possible to the said provision.

38.0 FURTHER ACTS AND ASSURANCE

38.1 Each of the Parties agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things, as shall be necessary or convenient to carry out the provisions of this Agreement.

39.0 GOVERNING LANGUAGE



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39.1 The language which governs the interpretation of this Agreement is the English language. All notices required to be given by one party to the other party and all other communications and documentation which are in any way relevant to this Agreement and which are relevant to the execution, implementation and termination of this Agreement, shall be in the English language.

40.0 GOVERNING LAW

40.1 This Agreement shall be governed by, and constructed in accordance with the laws of the Republic of India.

40.2 Subject to Clause 32, the courts in Mumbai shall have exclusive jurisdiction.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and at the place first mentioned hereinabove.

<p>SIGNED AND DELIVERED by _____ for and on behalf of Padmashri Dr Vithalrao Vikhe Patil Sahakari Sakhar Karkhana Ltd in the presence of:</p> <p>Witness: _____</p>	<p><i>[Signature]</i></p>
<p>SIGNED AND DELIVERED by _____ for and on behalf of Pravara Renewable Energy Limited in the presence of:</p> <p>Witness: _____</p>	<p><i>[Signature]</i></p>



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SCHEDULE - I

Part A - Technical Details

(1) Steam & Power supply to the Karkhana
(Number of days mentioned herein is tentative and indicative. The actual number of days in a Crushing Season may vary depending upon the sugarcane availability/ crushing schedule)

(a) Power to the Karkhana:
(Indicative Gross Crushing Season Days=170)

Net Crushing Days= 160 days

6565KW
(Sugar Factory = 5290KW
By-product = 1025 KW,
Colony = 250 KW)

Routine Maintenance/ General Cleaning or Pan Boiling Days (10 days)

3075KW
(Sugar Factory= 1800 KW
By-product = 1025KW
Colony = 250 KW)

Process Liquidation (3 days)

3075 KW
(Sugar Factory= 1800 KW
By-product = 1025KW
Colony = 250 KW)

Indicative Non- crushing Season (=157days)

1525 KW
(Sugar Factory = 250 KW
By -product = 1025 KW)



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Remaining 35 days

Colony = 250 KW)

650 KW
(Sugar Factory =250 KW
By-product =150KW
Colony =250 KW)

(b)

LP Steam to the Karkhana
(Indicative Gross Crushing Season Days=170)

During Season Actual Crushing (160 days)

109.5 TPH@ 2.5 ata
(92 TPH - Sugar
17.5 TPH -By Product)

Routine Maintenance/ General Cleaning or Pan Boiling Days (10 days)

67.5 TPH @ 2.5 ata
(50 TPH - Sugar
17.5 TPH -By Product)

Liquidating Days (3 days)

67.5 TPH @ 2.5 ata
(50 TPH - Sugar
17.5 TPH -By Product)

indicative Non- crushing Season (=157days)

17.5 TPH @ 2.5 ata
(For By Product)

(c) MP Steam to the Karkhana

All Days = 330 Days

2.5 TPH @ 8.5 ata

LP Steam → Low Pressure Steam @ Karkhana's Hookup Point

2.5 ata

MP Steam → Medium Pressure Steam @

8.5 ata

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Karkhana's Hookup Point

(2) Availability of Biogas

(a) Calorific value

5200 Kcal/cu m

(b) Quantity (ensured minimum)

3000 m³/hr
(Equivalent of 48720 MT of Bagasse at 3000 m³/hr = 7 MT of Bagasse/Hr)

(3) Availability of Bagasse

(a) Calorific value

2270 Kcal/kg
(A price change to be negotiated on the increase/decrease in the GCV of the Bagasse)

(4) Condensate Return (During crushing season) to PREL

(a) Temperature at Hook-Up point

90 deg C

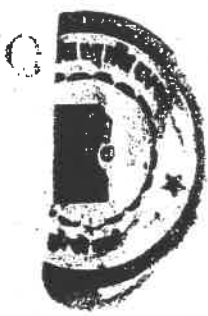
(b) Quantity of condensate returned

During Season Actual Crushing (160 days)

90% of 92 TPH supplied to Sugar Factory (at min 90 deg C)

Routine Maintenance/ General Cleaning or Pan Boiling Days (10 days)

90% of 50 TPH supplied to Sugar Factory (at min 90 deg



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Liquidating Days (3 days)

C)

90% of 50 TPH
supplied to Sugar
Factory (at min 90 deg

Off Season (Balance 157 days)

C)

NIL

At every monitoring point, monitoring & measuring equipment shall be installed, as per requirement.

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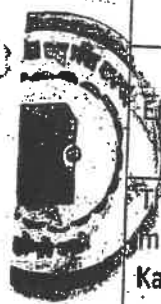


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Part B - Hook Up Points

Location of hook-up points shall be as under:

For LP steam	At existing exhaust steam header in sugar mill
For MP steam	At existing steam header in sugar mill
For power at 11 kv	At existing fibriser
For power at 415 v	At existing power house
For Bagasse	At the end of bagasse elevator after last mill
For Biogas	At blower outlet in the Biogas plant
Condensate	At the return condensate pump outlet
Effluent	At Collection Pit
<p>The Connection beyond the Hook Up Points on the Karkhana side to be provided / maintained and operated by the Karkhana (All cost beyond the Hook Up Points on the Karkhana side be borne by the Karkhana) and the connection/s beyond the Hook Up Points on the PREL side to be provided / maintained and operated by PREL (All costs beyond the Hook Up Points on PREL side to be borne by PREL).</p>	



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SCHEDULE - II

Commercial Details

Sr. No.	Item	To be supplied by	To be supplied to	Unit	Price/Unit
1.	Bagasse(GCV 2270 Kcal/Kg)	HSF	PREL	Rs/MT	650
2.	Escalation on bagasse price			%	NIL
3.	Bio-Gas equivalent (of bagasse GCV 2270 Kcal/Kg)	HSF	PREL	Rs./MT	650
4.	Escalation on biogas price			%	NIL
5.	LP Steam	PREL	HSF	Rs./TPH	175
6.	MP Steam	PREL	HSF	Rs./TPH	200
7.	Escalation on Steam Price			%	NIL
8.	Electricity	PREL	HSF	Rs./KWH	3.05
9.	Escalation on Electricity	PREL	HSF	%	NIL
10.	50 acre Land Lease (Rental Cost to be Calculated on pro-rata basis)	HSF	PREL	Rs/Year	Rs. 60 Lakhs a year for 50 acres (actual rent to be pro-rata to area of land utilized by the Project)



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