

इण्डिया इन्फ्रास्ट्रक्चर फाइनेन्स कम्पनी लिमिटेड

(भारत सरकार का उद्यम)

India Infrastructure Finance Company Limited

(A Govt. of India Enterprise)



IIFCL

ISO 9001:2015

October 5, 2017

Ref: IIFCL: JUWMGL: 2017-18: 29350

The Managing Director
M/s Jindal Urban Waste Management (Guntur) Limited
C/o Jindal ITF Ltd
Jindal ITF Centre,
28 Shivaji Marg
New Delhi-110015

Dear Sir,

Sub: M/s Jindal Urban Waste Management (Guntur) Limited

Please refer to your request for financial assistance from IIFCL for part funding the captioned project.

1. This is to inform you that ₹43.77 crore (Rupees Forty Three crore and Seventy Seven Lacs only) has been sanctioned for the part funding of captioned project under Direct Lending Scheme of IIFCL.
2. This sanction by IIFCL is valid for a period of 6 (Six) months from the date of this letter.
3. Detailed terms and conditions with respect to IIFCL's term loan are enclosed as per Annexure-I.
4. In case, the terms and conditions are acceptable, please furnish to us duly accepted copy of this letter of intent signed by a duly authorized person(s) of your company.
5. Please note that this communication should not be construed as giving rise to any binding obligation on our part unless you communicate your acceptance as stated hereinabove to us.

Meanwhile please acknowledge receipt of this letter.

Thanking you,

Yours sincerely,

(Rajeev Kumar Gupta)
Deputy General Manager

Cc: 29351
IIFCL Projects Ltd.
3rd Floor, Ambadeep Building
14, Kasturba Gandhi Marg,
New Delhi- 110001

पंजीकृत कार्यालय : 8 वीं मंजिल, हिन्दुस्तान टाइम्स हाउस, 18 & 20, कस्तूरबा गांधी मार्ग, नई दिल्ली-110001 दूरभाष : 91-11-23708263-64 फैक्स : 91-11-23766256, 23730251
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CIN : U67190DL2006GOI144520 वेबसाइट/Website : www.iifcl.org ई-मेल/E-mail : info@iifcl.org

हिन्दी में काम करना आसान है, इसका प्रयोग बढ़ाइए।

TERMS AND CONDITIONS

Besides the terms and conditions listed in this term sheet, the financing documents will contain other customary conditions related to Affirmative Covenants, Negative Covenants, Pre-disbursement Conditions and Events of Default etc. The Financing Documents shall be finalized by the Lenders in consultation with the Lenders' Legal Counsel. The Lenders reserve the right to make additions/modifications to the terms and conditions listed below, till the signing of the Financing Documents.

GENERAL CONDITIONS**1) Term Loan Amount :**

Rs. 4377 Lakhs (Rupees Forty Three Crore Seventy Seven Lakhs only) *(including DSR loan of Rs.192 Lakhs)*

2) Purpose of Facility:

The Facility would be utilized for part financing the proposed Project i.e. Construction and operation of MSW processing facilities and Waste to Energy Processing Facility for the Obligated Quantity of MSW during the concession period; and Setup of Scientific Landfill and disposal of the process remnants and Residual Inert matters.

Project Cost:

S.No	Items	Amount (Rs. Lakhs)
1	Equipment + Civil Costs	17292.00
2	Sanitary Landfill Development Cost	250.00
3	Mandatory spares for 3 years of operations	267.00
4	Financing Cost	153.00
5	Independent Engineer - Construction Phase	77.00
6	Engineering Consulting - Design and Supervision	98.00
7	Interest during construction	1224.00
8	Preliminary and Preoperative Expenses	526.00
9	Contingency	894.00
10	Margin Money for Working Capital	146.00
11	DSR	957.00
	Total	21884.00

Means of Finance:

Sl.	Source	Amount (Rs. Lakhs)	Percentage %
A	Promoters' Contribution	6565.00	30.00
i	Equity Share Capital	6565.00	30.00
ii	Internal Accruals	0.00	0.00
iii	Debentures/Preferential Share	0.00	0.00
iv	Unsecured Amount, if any	0.00	0.00
v	Capital Subsidy, if any	0.00	0.00
B	Term Loans Proposed	15319.00	70.00



	From IREDA	10942.00	50.00
	From IIFCL	4377.00	20.00
C	Total Project Cost	21884.00	100.00

3) **Lenders' agent:** Indian Renewable Energy Development Agency Ltd. (IREDA)

4) **Commercial Operation Date (COD)**

COD shall be the date on which the Project starts commercial operations after obtaining Completion Certificate or Provisional Certificate from Independent Engineer as per Clause 14 of Concession Agreement and the Lenders' Independent Engineer (LIE) confirms that the Project has been completed as per the envisaged project parameters

5) **Processing charges:**

As per IIFCL guidelines, presently Rs.1,00,000/- plus applicable taxes, payable before issuance of sanction advice (Non-refundable & non-adjustable)

6) **Front End Fee:**

1% plus taxes in line with Lead Bank payable before documentation (Non-refundable & non-adjustable)

7) **Interest rate:**

11.10 % p.a. During Loan Term

11.60 % p.a. During Construction

Interest rate to be in line with IREDA, the proposed Lead lender subject to IIFCL Base Rate

Interest Reset date: in line with Lead Lender

8) **Default Interest Rate:**

The principal amount of the Facility, Interest thereon or any other monies accruing due under the Financing Documents to be entered into between the Borrower and the Lenders shall, in case the same be not paid on the respective due dates, carry further interest at 1% per annum over and above the applicable interest rate 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

9) **Annual review charges:** As per extant guidelines of IIFCL

10) **Liquidated Damages:** In line with Lead Bank

11) **Commitment Fee:**

Commitment fee of 1% p.a. on the amount of variance in disbursement with respect to the drawdown schedule indicating the date and disbursement amount, provided by the Company at the time of documentation. The Commitment Fee shall be calculated for drawings not made and the number of days deviated from the scheduled dates. However



the Borrower would have the option to modify/ revise the draw down schedule up to 15 days prior to the respective actual drawdown dates without any commitment charges.

12) Terminal Dates:

- | | | |
|------------------------------------------|---|---------------------------------------------------------|
| i) Last date to sign Loan Agreement | - | Within six months from the date of loan sanction letter |
| ii) Last Date to draw first Installment | - | Within six months from the date of loan sanction letter |
| iii) Last Date to draw final Installment | - | Within 24 months from the date of first disbursement |

13) Repayment of Loan:

- | | | |
|----------------------------------|---|---------------------|
| i) Tenure of the loan | - | 18 years |
| ii) Construction Period | - | 24 Months |
| iii) Grace period | - | 12 Months |
| iv) Mode of Repayment | - | Quarterly |
| v) No. of instalments | - | 60 |
| vi) Tentative repayment schedule | - | Structured as under |

Sr. No.	Percentage	Sr. No.	Percentage	Sr. No.	Percentage
1	2.00%	21	1.75%	41	1.50%
2	1.25%	22	1.75%	42	1.75%
3	1.25%	23	1.75%	43	1.75%
4	1.25%	24	1.75%	44	1.75%
5	1.25%	25	1.75%	45	1.75%
6	1.25%	26	1.75%	46	1.75%
7	1.25%	27	1.75%	47	1.75%
8	1.25%	28	1.75%	48	1.75%
9	1.25%	29	1.75%	49	1.75%
10	1.50%	30	2.00%	50	2.00%
11	1.50%	31	2.00%	51	2.00%
12	1.50%	32	2.00%	52	2.00%
13	1.50%	33	2.00%	53	2.00%
14	1.50%	34	1.50%	54	2.00%
15	1.50%	35	1.50%	55	2.00%
16	1.50%	36	1.50%	56	2.00%
17	1.50%	37	1.50%	57	2.00%
18	1.75%	38	1.50%	58	1.67%
19	1.75%	39	1.50%	59	1.67%
20	1.75%	40	1.50%	60	1.67%
Total					100 %

14) Prepayment

The Borrower shall have the right to prepay with 30 days prior notice to the Lenders, in part or full, the Loan, which will be adjusted in the inverse order of maturity. In this event, the Borrower shall be liable to pay a pre-payment penalty @ 1% of the pre-



paid amount.

However, no pre-payment penalty will be payable for prepayments under the following circumstances:

- a) Prepayment made in the event the reset interest rate after the Spread Reset is not acceptable to the Borrower and the Borrower has notified its intention to prepay to the Lenders within 30 days from the notification of reset interest rate after the Spread Reset and has made prepayment within 60 days from the date of interest reset;
- b) Prepayment made at the instance of the Lenders;

15) Security:

- a) Mortgage/Assignment of immovable assets (including lease hold rights of the land) by way of deposits of title deeds or any other legally recognized mode in favour of Lenders.
- b) Charge by way of hypothecation of all movable assets pertaining to the project.
- c) Corporate Guarantee of Promoter i.e. JITF Urban Infrastructure Limited (JUIL) and Sponsors - Glebe Trading Private limited and Danta Enterprises Private limited
- d) Post Dated Cheques in accordance with repayment schedule for installments and interest payable thereon.
- e) Pledge of 99% of shares which may be reduced to 51% after 2 years from the successful completion and operation of the Project.
- f) The Borrower shall open and maintain with a designated bank a Trust and Retention Account. All cash inflows relating to the Project including, without limitation, revenue from sale of electricity and other products. Subsidies received if any. Promoters' contribution, disbursements of the Facility, compensation from the lead ULB and any other receipt from any other source related to the Project including insurance proceeds shall be deposited and all proceeds shall be utilized in a manner and priority to be decided by Lenders.

The Borrower shall maintain a Debt Service Reserve (DSR) equivalent to 2 quarters of the quarterly debt service obligations (Principal + interest). DSR amount has been provided In the Initial cost of the project shall be funded in the agreed Debt Equity ratio. The modalities of build-up of such DSR would be as under:

- a) The equity component of the DSR included in the Initial cost as above shall brought in by the Promoters and deposited in the DSR Account (DSRA), a part the TRA. on or before COD;
- b) This amount of DSR will be allowed to be invested In permitted investments with lien marked in favor of Lenders;
- c) The term loan component of DSR so disbursed will also be allowed to be invested in permitted investments with lien marked in favor of Lenders;
- d) The Term Loan component of DSR shall be disbursed at the time of COD. Such disbursements shall be routed through the DSRA under TRA;
- e) The DSR amount shall be not be used for any purpose other than servicing the RTL;
- f) The DSR amount would be utilized only in case of a shortfall in cash flows for meeting debt service requirements from time to time;



- g) No dividends shall be permitted until the required DSR is maintained;
- h) Towards the end of loan tenor, lenders reserve the right to adjust the balance in DSRA towards repayment of last two quarterly instalment and interest.
- i) Funds from DSR TL shall be disbursed to the extent required to cure such default as mentioned above, after drawing corresponding equity brought in as per (a) above. Lenders will reserve the right to disburse such amount on their own without any draw down notice from the borrower. Such disbursement shall be routed through the DSRA under TRA;
- j) The availability period of DSR TL shall be 3 years from COD when the facility shall stand cancelled;
- k) Borrower will build up the required DSR from project cash flows on a quarterly basis, within a period of 3 years post COD;
- l) Any shortfall in creation of DSR from cash flows at the end of the 3 years period, as stipulated above, shall require to be met by the Sponsor/Promoter;
- m) The debt facility earmarked as DSR TL shall fall off and get cancelled, once the required DSR is built from Project operational cash flows, Sponsor/Promoter contribution made as per (g), if any, and equity brought in as per (a) above;
- n) The extent of debt facility that is once drawn and repaid will not be available;
- o) The buildup of DSR shall also ensure that at any point in time DSR equivalent to debt servicing requirement for the ensuing 2 quarters is always maintained;
- p) Disbursed amount of DSR TL has to be repaid in equal quarterly installments from the quarter subsequent to the disbursement so as to make the entire repayments before completion of the 3 years period from COD. These repayment installments of disbursed DSR TL shall also form part of the calculation of subsequent quarter's DSR requirement;
- q) Interest on disbursed amount of DSR TL shall be applicable at 11.50% which shall be paid monthly, as and when due. This interest on DSR TL shall also form part of the calculation of subsequent quarter's DSR requirement;
- r) Other conditions:
 - o The DSR amount shall not be used for any purpose other than for servicing the RTL.
 - o The DSR amount would be utilized only in case of a shortfall in cash flows for meeting debt service requirements from time to time.
 - o The Borrower shall invest the DSR funds only in permitted investments and securities approved by the Lenders.
 - o No dividends shall be permitted until the required DSR is maintained.
 - o The Borrower shall ensure maintenance of DSR during the tenor of the loan after it is built as above;
 - o Towards the end of loan tenor, lenders reserve the right to adjust the balance in DSRA towards repayment of last two quarterly instalment and interest.

The Borrower shall have the option to replace the required DSR amount by equivalent amount of Bank Guarantee availed by the promoter and/or Sponsor without recourse to Project's assets.

Additional Security:

- a) Pari-Passu charge amongst the lenders on all the current assets and non-current assets of the Borrower including but not limited to book debt, operating cash flows, receivables, revenues of whatsoever nature and wherever arising, intangibles good will, uncalled capital, present and future.



- b) Assignment of rights, interest and obligations of the Concessionaire to or in-favour of the Security Trustee as nominee and for the benefit of the Lenders, to the extent covered by and in accordance with the Concession Agreement;
- c) Pari-Passu charge amongst the lenders on all Borrower's bank accounts, receivables and current assets including, without limitation, the Trust and Retention Account and each of the other account(s) required to be maintained / created by the Borrower under any project document, financing document or contract;
- d) Pari-Passu charge amongst the lenders on all intangible assets of the Company including but not limited to the goodwill, undertaking and uncalled capital of the Borrower other than the Project Assets as permitted in the Concession Agreement.

All the security shall be created upfront and shall rank 1st pari-passu charge with IREDA. The Borrower shall submit confirmation/ NOC for security creation from Lead ULB/ ULBs, wherever required. With reference to Post-dated cheques as above shall be held by IREDA/ Security Trustee on behalf of IIFCL also.

16) Terms and Conditions to be complied before signing Loan Agreement

1. Provide evidence that the entire debt and equity funding for the Project has been fully tied up.
2. Furnish Board resolutions for agreeing to enter into the loan agreements with the Lenders based on the terms of the sanction letters from consortium of Lenders.
3. LLC has been appointed as per scope of work decided by the Lenders in regard to carrying out due diligence in regard to the Project documents and firming of loan documents. All information required by LLC for carrying out the work as signed to them would be provided by the Borrower.
4. Agree for appointment of LIE and any other agencies by the Lenders as per scope of services to be provided by the Lenders. The Borrower would also agree that all information required by such agencies for carrying out the work assigned to them would be provided and would bear the cost incurred for availing the services from these agencies.
5. Agree that the Lenders have the right to appoint other consultants in case there is cost/ time over run, The expenses related to such appointment shall borne by the Borrower.
6. The Borrower has agreed to confirm/ undertake that name of none of the directors appears in RBI's/ CIBIL's Defaulters' list/ ECGC Caution List, Further The Borrower will furnish to the RTL Lenders an affidavit of disclaimer along with an affidavit of disclaimer from Director(s) with similar identity appearing in an of RBI defaulters CIBIL/ ECGC Caution lists.
7. Agree to route all the cash flows of the Project through the TRA account.
8. Agree that the technical configuration of the plant, the Equipment/Plant & Machinery supply and/or erection Contracts/amendment/novation to the contracts, Power Purchase Agreement (PPA) and other important contracts executed/ to be executed, approvals received by the Borrower for the Project shall be reviewed by LIE/ LLC or any other consultant in consultation with the Borrower. As may be required. Any issue(s) pointed out by LIE/LLC shall be resolved to the satisfaction of Lenders.
9. The Borrower has agreed to modify its Memorandum of Association and Articles of Association, for enhancement of the Authorized Share capital and borrowing power as



- per the envisaged financing plan if required, and incorporate any other changes, if required by the Lenders.
10. Agree to ensure that adequate O&M arrangement is put in place at the time of earlier of SCOD or COD.
 11. Agree that the Preliminary and Pre-operative Expenses shall be allowed as part of the Project Cost only to the extent verified as per Auditor certificates and as accepted by the Lenders.
 12. Ensure that all the approvals and clearances are in place as per the implementation requirement of the Project to the satisfaction of Lenders.
 13. Agree to furnish to the Lenders or any agency appointed by the Lenders. Such information and data as may be required by them to ensure that the physical and financial progresses of the Project are as per the schedule.
 14. Agree that Borrower shall, during the operation of the project, submit to the lenders periodic information in a form and manner as desired by the lender relating to financial as well as technical aspects including adherence to prescribed parameters on emission norms.
 15. Agree that the Project and the technology adopted In the Project would always remain compliant with the SWM Rules 2016, any amendments thereto or any other regulations prescribed in this regard by the concerned authorities as also related provisions in the Concession Agreement. Further agree that any non-compliance in this regard which could have a material adverse effect shall be treated as an event of default.
 16. Agree that the Borrower shall strictly adhere to and be in compliance with the provisions of the Concession Agreement and Power Purchase Agreement. Further Agree that any non-compliances in this regard which could have a material adverse effect shall be treated as an event of default.
 17. Agree that the Project Cost may be reviewed by the Lenders or LIE and the Borrower would have to satisfy the LIE about the reasonability of the Project cost. In case the Project Cost accepted pursuant to above is higher than the estimated Project cost, the Promoter and/or Sponsor shall arrange to tie up the fundi gap upfront by way of additional equity/ equity like -instruments/ preference shares/sub- ordinate debt on terms acceptable to Lenders.
 18. Agree that in case of increase in Project cost upon finalization of contracts and or/ review by LIE, the borrower shall arrange to tie up the funding gap upfront by way of additional equity/ preference shares/ internal accruals on terms acceptable to Lenders. However, in case there is a reduction in Project cost due to any factor, there would be a proportionate reduction in all components of the means finance including Senior & Sub Debt.
 19. The Lender shall be in receipt of (i) certified true copies of the Memorandum & Articles of Association of the Company, the Promoter, and the Sponsor; and (ii) certified true copies of the resolution of the Board of Directors and/ or shareholders of the company, the promoter, and the sponsor, Wherever applicable, evidencing the corporate power, authority and required corporate action to enter into, and execute the Financing Documents.
 20. Agree that the Borrower shall furnish to the Lenders such information and data as may be required to ensure that expenditure uncured/to be incurred is reasonable.
 21. Agree to pay all fees and expenses under the Financing Agreements.
 22. Agree that the Lenders shall have the right to stipulate any other condition in consultation with the Borrower, as deemed necessary before execution of the loan documents.



23. The Lender shall be in receipt of all undertakings from the Promoter/Sponsors/Borrowers as required in accordance with the sanction terms
24. The Borrower to submit a letter certified by its Company Secretary/ Director giving the name of the pledge or and the number of shares free from any kind of encumbrance as on the date of commitment
25. The Borrower shall have furnished details of all material disputes/ legal proceedings pending against the Borrower, the Promoter, the Sponsor or otherwise in connection with the Project's assets; Further, the Borrower, shall have satisfied the Lender(s) that there exists no such litigation in India or in any other jurisdiction.
26. The borrower shall have furnished a suitable confirmation that there is no existing Events of Default in terms of the Transaction Documents with the existing Lender(s) and the Project Documents which has not been cured or waived.
27. The borrower shall furnish, as and when sought for during the currency of the Loan facility, the list of all the Directors on its Board along with list of other companies in which they are the directors and also inform the Lender's Agent whenever there is any change in the Constitution of the Board.
28. Provide Undertaking for financial support to the project from the main Promoter (Mr. P.R Jindal) including support for any cost overrun or deficit in equity infusion and cover if any performance or delays caused by contractors to avoid any delay in project implementation.
29. The Promoter shall undertake
 - a) To bring in at least 50% of the required Promoters' Contribution up-front and the balance 50% on pro-rata basis as per the requirements of the project and the Base Case Business Plan.
 - b) To meet any cost overruns, over and above the Estimated Project Cost, without recourse to the Lenders, in form and manner satisfactory to the Lenders.
 - c) To infuse funds, in a form and manner as acceptable to the Lenders, in the Borrower to prevent and/or cure any shortfall in meeting the stipulated Financial Convents.
 - d) To infuse funds, in a form and manner as acceptable to the Lenders, in the Borrower to meet the DSR requirements as per the DSR clause.
 - e) To meet any shortfall in termination payment vis-à-vis the outstanding dues. If any, of the Lenders.
 - f) To ensure that the Borrower is provided with the requisite technical, financial and managerial expertise to perform/ discharge its obligations under the Material Project Documents, as applicable.
 - g) That the Promoter shall not enter into inter-group transactions relating to the Project which are prejudicial to the interest of the Borrower. All Inter-group transactions relating to the project shall be disclosed to the Lenders
 - h) To ensure that all Guarantees in relation to the Project including those extended by contractors/suppliers in favour of the EPC contractor are assigned to the Lenders:
 - i) The Promoter shall undertake to provide support to the extent of any adverse impact on the Project on account of currency exchange rate variation, in case of any foreign currency exposure to the Project during the currency of the loan in the form of import of equipment and/or borrowing in foreign currency and if the Borrower has not made adequate hedging arrangements.
 - j) The Promoter shall undertake that it will continue to hold a minimum of 51% equity shareholding, directly or indirectly in the Borrower during the entire tenor of this facility



30. The Sponsor shall undertake

- a) To meet any cost overruns, over and above the Estimated Project Cost, without recourse to the Lenders in form and manner satisfactory to the Lenders.
- b) To ensure timely and sufficient equity infusion in the Promoter for the purpose of further equity infusion in the Borrower.
- c) To infuse funds, in a form and manner as acceptable to the Lenders, in the Borrower to prevent and /or cure any shortfall meeting the stipulated Financial Covenants
- d) To meet any shortfall in termination payment vis-a-vis the outstanding dues, if any, of the Lenders.
- e) To meet any shortfall in built up of DSR out of project's operational cash flows within the stipulated 3 year period post COD.
- f) To provide support to the extent of any adverse impact on the Project on account of currency exchange rate variation, in case of any foreign currency exposure to the Project during the currency of the loan in the form of import of equipment and/or borrowing in foreign currency and if the Borrower has not made adequate hedging arrangements.

Additional conditions:

1. LIE, in its report, shall comment about the progress of construction of Evacuation Arrangement.
2. Promoter/ Sponsor shall undertake to maintain DSCR of above 1 in all circumstances including but not limited to deficit arising out of any reduction in tariff due to any reason whatsoever.
3. Borrower to undertake to keep the Lead Bank and consortium informed about any deficiency in performing the obligation as per concession agreement including but not limited to requisite quantity/ quality of supply of waste and corrective action taken in this regard.

17) Terms and Conditions to be complied before First Disbursement

1. Open a Trust & Retention Account (TRA) into which the Borrower shall mandatorily deposited all its cash inflows from the Project (incl. debt, equity etc.) to be utilized/ applied in a manner and priority to be stipulated in the TRA Agreement. Confirm that all accounts other than those envisaged under the TRA Agreement have been closed. For this purpose, the Borrower shall have appointed a bank/institution (acceptable to lenders) as a Trust and Retention Agent and enter into a TRA Agreement.
2. Obtain a certificate from the LLC and LIE (corresponding to their respective scope of work) that all the Conditions Precedent to First Disbursement have been complied with to the satisfaction of Lenders/Lender's Agent.
3. Undertake that all cost incurred on LLC, LIE for availing the services of these agencies shall be borne by the Borrower.
4. Furnish all the undertakings to be executed by the Promoters, and Sponsor to the Satisfaction of the Lenders.
5. Furnish copies of all the applicable statutory clearances, permits, approvals required for the start of implementation of the Project.
6. Confirmation from LIE that all approvals required for commencing implementation of the project are available at the Project Site.
7. Confirmation that the Projects Site is under possession of the Borrower.

8. Land Lease agreement for sufficient land should have been executed.
9. The Borrower shall ensure that all project contracts executed for the Project shall be reviewed by LIE and LLC and any Issues shall be resolved by the Borrower to the satisfaction of Lenders.
10. All project contracts as required by the LIE at the time of first disbursement or scheduled implementation of the Project shall have been executed.
11. All the Financing Documents shall have been executed and the same are in full force and effect backed by a legal opinion from LLC.
12. The LLC shall have submitted a due-diligence report covering its scope of work and the Borrower shall have resolved all Issues raised by them to the satisfaction of the Lenders.
13. Lenders' Insurance Advisor (LIA) shall have been appointed on terms as decided by the Lenders for review and monitoring of the insurance arrangements for the Project. The Borrower will arrange for comprehensive insurance policies as per the advice by LIA and ensure that requisite insurance policies have been suitable endorsed in favour of the Lenders which should contain the Lenders Security Stipulation and name the Lenders/Security Trustee as loss payees. A copy of this policy should be submitted to the Lenders/ LIA for review.
14. Lenders' Independent Engineer (LIE) shall have been appointed on terms as decided by the Lenders. The LIE shall have submitted a due-diligence report covering its scope of work and the Borrower shall have resolved all issues raised by them to the satisfaction of the Lenders.
15. All the Security shall be created upfront before disbursement. Perfection of the same shall be completed in due course of time.
16. The stipulated Upfront Promoters' Contribution in the Project has been infused as evidenced by a certificate from the Chartered Accountant (acceptable to the Lenders).

Additional Pre-disbursement conditions:

1. Acquisition of entire land for the project in favor of respective SPV, signing of land lease agreements, site authorization and for obtaining required approvals/permits, for use of the land for implementation of the projects.
2. Execution of the fixed time, fixed price package wise work order contracts with all major equipment suppliers.
3. All contracts including Equipment supply Agreements shall be reviewed by LIE and the project SPV is to carry out the suggested modifications, if any including Liquidated damages.
4. LIE/LLC to certify availability of all the required approvals and clearances as mentioned above.
5. Satisfactory site visit of the project by IIFCL

18) General Terms and Conditions to be complied

1. The Borrower shall ensure to obtain at its own cost a credit rating for its borrowings from a credit rating agency accredited by RBI/SEBI such as CRISIL, ICRA, Fitch, CARE, Brickworks and SMERA. The first such credit rating should be obtained and furnished to the lenders within 6 months from the date of first disbursement failing which an additional interest of 1% p.a. may be levied by the lenders after 6 months.



Thereafter, the rating should be obtained and furnished to the lenders at least at annual intervals.

2. A certificate from a Chartered Accountant (acceptable to the Lenders) on sources and end-use of funds, including pre-operative expenses, will be submitted with each notice of drawal. A certificate from the Company's Statutory Auditor would be required to be submitted on a quarterly basis till the availability period.
3. The capital expenditure proposed to be incurred by the Borrower shall be as per the construction budget vetted by the LIE. Each request for drawdown shall be accompanied by LIE certificate to this effect.
4. The Borrower shall satisfy the Lenders that the physical progress of the project implementation as well as the expenses incurred are as per schedule provided to the Lenders, in respect of any deviations from the same, the Borrower shall suitably notify the Lenders/ LIE with justification for the same.
5. In case of any foreign currency exposure to the Project during the currency of the loan in the form of import of equipment and/or borrowing in foreign currency, the Borrower agrees to make adequate hedging arrangements and Promote, and Sponsor undertakes to provide support to the extent of any adverse impact on Project on account of currency exchange rate variation.
6. Subject to the provisions of Concession Agreement and Power Purchase Agreement, the Borrower agrees that any subsidies received by the Project on any agency at local/ state/ central government level or any revenue earned from sale of Certified Emission Reduction (CER) Credits under the Carbon development Mechanism (CDM) by the Project shall be entirely used for partial prepayment of outstanding facility, which shall be adjusted in inverse order of maturity and no prepayment penalty will be payable on this amount.
7. The Borrower shall procure and submit a certificate under Section 281 (1) (iii) of the Income-tax Act, 1961 in respect of the creation of Security, prior to the creation of Security.
8. The Borrower shall furnish end use certificate from the Chartered Accountant (acceptable to the Lenders) within 30 days from the date of each disbursement.
9. The Borrower's assets offered as security for the Facility should be kept full insured including business interruption / loss of profit insurance as may be advised by the LIA. A list of the current insurance policies detailing the names and addresses of the insurer, brief particulars of goods covered, type of cover, amount of cover and date of expiry of each policy should be submitted to the Lenders and LIA along with the copies of the policies. Insurance policies should contain the Lenders' Security stipulation and name Lenders / Security Trustee as Loss Payees.
10. The LIE shall submit quarterly monitoring reports to the Lenders during Implementation of the Project and first 2 years after the COD.
11. The Borrower shall obtain permission for connectivity to the grid from the relevant Power Distribution Licensee at least 3 months prior to the SCOD.
12. The Borrower shall obtain all the approvals required for commencement of commercial operations prior to the COD.
13. The Borrower shall undertake to arrange working capital finance as required from time to time for the Project.
14. The Borrower shall agree that in case of a default in repayment of Debt or payment of interest thereon on due dates, the Lenders and/ or the Reserve Bank of India (RBI)/



Credit information Bureau (India) Ltd. (CIBIL) will have an unqualified right to disclose the name of the Borrower and its directors as defaulters in such manner and through such medium as the Lenders and the RBI/ CIVIL, in their absolute discretion may think fit.

15. The Lenders would have a right to conduct a review of the Project and the cost of the Project at any time prior to COD. The Borrower shall agree that the preliminary and pre-operative expenses shall be allowed as a part of the Project Cost to the extent that they are certified by a Chartered Accountant (acceptable to the Lenders) that they have been actually incurred and relate to the proposed Project only
16. Lenders reserve the right to withhold disbursement of the amount of Facility equivalent to the provision against margin money for working capital in the cost of the Project till such time as the Project is near completion and the build-up of working capital commences
17. The Borrower shall facilitate in carrying out inspection by the officials of lenders or through persons/ firm appointed by the Lenders of all assets charged to the Lenders generally in six months intervals or at more frequent intervals as decided the Lenders. The cost of inspection is to be borne by the Borrower.
18. The Borrower shall agree to comply with all reporting requirements as may be stipulated by the Lenders
19. The Borrower shall provide audited financial statements of the Borrower within 180 days of the end of each financial year and shall also provide the quarterly provisional balance sheet within 30 days of the end of each quarter.
20. The Borrower shall always operate the Project in compliance with all the stipulations/ norms/ standards set by relevant Government and statutory bodies
21. The Company should not undertake any new project / expansion / loan to make any investment without prior approval of Lenders
22. The Company will comply with the Anti-Money Laundering (AML) requirements in terms of guidelines of RBI/Lenders.
23. The appraisal has been made as per the present applicable guidelines governing the rate of interest, its applicability, reset etc. However, changes if any, effected in these guidelines on the date of disbursement shall be applicable and Lenders reserve its right to reappraise the project, if so required.

19) Financial Covenants

Following financial covenants shall be tested annually after first full year of operations post COD based on the audited accounts of the Borrower:

Financial Covenant	Stipulated Level	Deviation resulting into breach
DSCR	1.40	20% below stipulated level
TOL/TNW	2.33:1	20% above stipulated level
FACR	1.25	Below stipulated level

At the time of said annual testing, in case any two of the financial covenants are breached, then additional interest of 0.50% p.a. may be levied till such time that the breach is cured.

Additional interest will be applied on the outstanding loan amount as on the date of audited balance sheet. In case of continuous default/decline in performance levels, the Lenders may stipulate any other conditions as deemed necessary.



20) Definitions for Financial Covenants

- a) Debt Service Coverage Ratio (DSCR) = {Cash Profit (PAT + Depreciation + Deferred Tax) + Interest on Long Term Loan} / (Long Term Loan Repayment + Interest on Long Term Loan).
- b) TOL (Total Outside Liabilities) = Secured Loans + Unsecured Loans + Current Liabilities & Provisions + Deferred Tax Liability.
- c) TNW (Tangible Net Worth) = Paid up capital + Reserves and Surplus (excluding Revaluation reserve) – Misc. Expenses not written off / other intangible assets + any unsecured subordinated debt or promoters' funds inducted in the form and manner agreed by Lenders
- d) Security Margin

21) Restricted Payments

The Borrower shall not:

- a) Pay dividends (either in cash or kind) or make distributions in respect of Equity; or
- b) Make any investment in or extend any advance/ loan to any entity other than in the normal course of business of the Borrower;
- c) Withdraw or take back any additional funds infused as per the requirements stipulated by the lenders;

(the foregoing being called "Restricted Payments") unless all of the following conditions are satisfied:

- 1. Such Restricted Payment is permitted by applicable law;
- 2. No Event of Default or Potential Event of Default exists under the Financing Documents;
- 3. The Financial Covenants are met or waived ;
- 4. The DSRA requirements have been fully satisfied;
- 5. Repayment of the Facility amount has started.

22) Negative Covenants

During the currency of the RTL, the Borrower shall not without prior approval of the Lenders:

- a) Effect any change in the capital structure.
- b) Formulate and affect any scheme of amalgamation or restructuring or reconstruction.
- c) Undertake any new project, implement any scheme of expansion. However capital expenditure of 10% of the Gross block will be allowed annually to meet upgradation of equipment's, technology etc.
- d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern; normal trade credit or security deposits in the normal course of business or advances to employees can, however, be extended.
- e) Enter into borrowing arrangements, either secured or unsecured, with any other bank or financial institution company or otherwise or accept deposits apart from the arrangement indicated in the Base Case Business Plan.
- f) Undertake any guarantee obligation on behalf of any other company (including group companies)
- g) Create any charge, lien or encumbrance over its assets/ properties/ contracts or any



part thereof in favour of any financial institution, bank, company, firm or persons other than those required as per the financing plan.

- h) Assign or mortgage any of the fixed assets charged to the Bank. However Company is permitted to sell/ dispose of assets of the value up-to 5% of the gross block per annum without any prior approval of Lenders, provided Company confirms that the proceeds from the same have been deposited into the TRA to be utilized for replacing the asset or any other purpose as permitted by lenders and Financial Covenant is maintained at all times.
- i) Enter into any contractual obligation of a long-term nature or affecting the Company financially to a significant extent other than as envisaged in the Base Case Business Plan.
- j) Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc, except as allowed under applicable laws of Companies Act.
- k) Permit any transfer of the controlling interest (51%) or make any substantial change in the management set- up.
- l) Repay monies brought in by the promoters/sponsor directors/ principal shareholders and their friends and relatives by way of deposits/ loans / advances. All unsecured loans/deposits raised by the Company for financing the Project are always subordinate to the Facilities of the Lenders and should be permitted to be repaid during the tenor of Facility only with the prior approval of the Lenders.
- m) Augment, modernize, expand or otherwise make material change in the scope of the Project, unless required by regulating Government/Judicial body.
- n) Make any material modifications to Project Contracts/ Agreements;
- o) Allow dilution of direct or indirect equity holding of the Promoter in borrower below 51%.
- p) Induct/have a person in its Board who is a director on the Board of a company whose name has been placed in RBI's defaulter list / CIBIL's defaulter's list.

23) Events of Default:

Each of the following shall, inter alia, constitute an Event of Default under the Financing Documents:

- a) Payment Default: The Borrower does not pay on the due date any amount payable by it under any Financing Documents;
- b) Breach of obligations: The Borrower does not comply with any material provision of the Financing Documents or Material Project Documents;
- c) Misrepresentation: A material representation, warranty or statement made or repeated in or in connection with any Financing Documents or Material Project Documents or in any document delivered by or on behalf of the Borrower is incorrect
- d) Inadequate security and insurance;
- e) Breach of any undertaking furnished by Promoter and/or Sponsor;
- f) Cross default of the Borrower under any of the Material Project Documents;
- g) Utilization of facility for purposes other than for which they have been granted;
- h) Change on control of the Borrower without the prior written approval of the Lenders;
- i) Default with respect to any Material Project Documents which may have a material adverse effect;
- j) Revocation, termination or suspension of a material contract;



- k) Insolvency /winding-up or dissolution of Borrower;
- l) Compromise by Borrower with creditors generally;
- m) Cessation of business of Borrower;
- n) Sale/ transfer of substantial value of assets which in reasonable opinion of Lenders has/ shall have Material Adverse Effect;

The above are indicative and shall be defined in detail in the Facility Agreement including consequence of event of default. Upon the occurrence of any of the Events of Default mentioned in clauses that is capable of remedy, a suitable cure period shall be provided from the date of the occurrence of such event.

24) Consequences of Events of Default:

If an Event of Default has occurred and continues even after cure period provided for, if any, the Lenders may among others, take one or more of the following actions:

- a) Accelerate the maturity of the Facility;
- b) Enforce the security interests under the security documents;
- c) Declare the commitments to be cancelled or suspended;
- d) Issue notice regarding the payment of proceeds of any insurance or compensation;
- e) Issue a notice to the designated bank for the purposes of drawing on the balance in the TRA;
- f) Appoint one Nominee Director on the Board of Directors of the Borrower;
- g) Convert the outstanding Facility in to Equity of the Borrower;
- h) Take steps to exercise all rights as may be available to Lenders under the Financing Documents and Material Project Documents; and
- i) Exercise of any other rights of the Lenders under applicable law.

25) Representations & Warranties

The Borrower shall make representations and warranties customary for a Facility of this nature. The obligations of the Lenders in relation to the drawing will be subject to those representations and warranties remaining true and accurate as at the date of the utilization request and on the first day of each Interest Period. Such representations and warranties will include, without limitation, the following:

- a) Status and due authorization;
- b) Binding obligations;
- c) Non-conflict with other obligations;
- d) Power and authority to enter into such financing arrangement;
- e) Governing Law and enforcement;
- f) No misleading information;
- g) No default;
- h) No breach of any material license;
- i) Ownership and right to use intellectual property;
- j) Payment of taxes;
- k) Financial statements prepared in accordance with Indian GAAP;
- l) Latest audited accounts fairly represent the financial condition of the Borrower as at the end of the relevant financial period and there has been no adverse change in the financial condition of the Borrower since that date which would have a Material Adverse Effect
- m) Pari-passu ranking of claims of the senior lenders, if applicable;



- n) No material proceedings pending ;
- o) No immunity from suit or other legal proceedings;
- p) Completeness and accuracy of financial statements
- q) No winding up action against the Borrower;
- r) No government or regulatory authority or other third party consents required other than those already obtained or disclosed to the Lenders;
- s) Private and commercial acts, no sovereign or other immunity.

26) Environmental, Health, Safety and Social (EHSS)

The Company 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, as applicable for the project.
- c) Provide the requisite information and provide access to lenders or a consultant appointed by lenders to carry out a periodic Environment & Social Monitoring and Review (ESMR) of the project. The fees of such consultant shall be borne by the Company.
- d) Forward copies of relevant Internal or consultant's reports or other periodical reports on environmental and social status and performance of the operations.
- e) Ensure compliance with specified recommendations made by consultants as per ESMR.

27) Limit cancellation clause

The Lenders have a right to unconditionally cancel the Facility in case, in the view of Lenders,:

- a) facilities /parts of the facilities are not utilized by the Borrower within the Availability Period, and/or
- b) material deterioration in the Loan accounts in any manner whatsoever and/or
- c) non-compliance of material terms and conditions of sanction and/or
- d) if at any stage, it is found that the information supplied by the borrower is/was materially incorrect and misleading threatening the Lenders' position.

28) Governing Law and Jurisdiction

The Facility will be governed by the laws of India and will provide for submission by the Borrower to the non-exclusive jurisdiction of the courts as suggested by lenders.

29) Other Terms and Conditions:

IIFCL shall have the right to stipulate any other condition as deemed fit before execution of facility documents and the borrower should further agree that if the terms and conditions stipulated by any other lender(s) for their financial assistance to the project are found to be superior than the terms and conditions stipulated by IIFCL, such superior terms and conditions including any charges/ additional interest other than rate of interest shall apply mutatis-mutandis for IIFCL's financial assistance to the project.



The Borrower/Promoter/Sponsors shall have complied with all KYC/Anti Money Laundering Norms/Guidelines and submit all required documents in regard thereto to the Lead/ LLC/ Security Trustee;

All payments being received by IIFCL from borrowers including upfront fee, review charges and any other charge/fee will be done electronically ONLY. No cheques are to be received and presented for clearance by IIFCL.

All terms and conditions of the other lenders will also be applicable mutatis-mutandis.

TERMS AND CONDITIONS GOVERNING RELEASE OF FIRST INSTALLMENT OF LOAN

- 1) Legal documentation formalities including creation of mortgage in accordance with Loan Agreement.
- 2) Formal request for disbursement indicating the plan of utilization of funds at the items on which expenditure is to be incurred.
- 3) Furnishing the item-wise physical progress of the project.
- 4) Satisfactory site visit of the project by IIFCL
- 5) Furnishing of Chartered Accountant's (Statutory Auditors) certificate in IREDA/ Lenders prescribed format, Inter-alia, covering the following information: confirming.
 - a. Item-wise expenditure already incurred on the project.
 - b. Utilization certificate of promoter's contribution indicating the expenditure incurred towards project before opening the No -Lien Account/MA/Special Account and after opening No- Lien Account/TRA/Special Account.
 - c. The promoters having brought in their contribution as stipulated in the Loan Agreement for 1st disbursement.
- 6) A copy of latest printed Annual Report of the borrower duly certified by one of the Directors or Company Secretary. In case the Annual Report pertains to the financial year which expired more than six months ago, updated provisional accounts of the borrower of the current year duly certified by Director(s)/ Chief Executive of the company would need to be furnished.
- 7) Payment of inspection and legal charges, if applicable.
- 8) Induction of Nominated Director on the Board, if any, appointed by IREDA/ Lender.
- 9) Appointment of Concurrent Auditors / Engineers, if applicable and advised IREDA/ Lender.
- 10) Confirmation that necessary infrastructure has been established to absorb the funds being requested.
- 11) Copies of Agreements have been entered into by the borrowers with the Suppliers of machinery and Contractors, if applicable.

OTHER REQUIREMENTS (General)

- 1) Open a Trust & Retention Account (TRA) into which the Borrower shall mandatorily deposited all its cash inflows from the Project (Incl. debt, equity, etc.) to be utilized/ applied in a manner and priority to be stipulated in the TRA Agreement. Confirm that all accounts other than those envisaged under the Agreement have been closed. For this

- purpose, the Borrower shall have appointed a bank/institution (acceptable to lenders) as a Trust and Retention Agent and enter into a TRA Agreement.
- 2) Obtain a certificate from the LLC and LIE (corresponding to their respective scope of work) that all the Conditions Precedent to First Disbursement has been complied with to the satisfaction of Lenders/Lender's Agent.
 - 3) Undertake that all cost incurred on LLC, LIE for availing the services of these agencies shall be borne by the Borrower.
 - 4) Furnish all the undertakings to be executed by the Promoters, and Sponsor to the satisfaction of the Lenders.
 - 5) Furnish copies of all the applicable statutory clearances, permits, approvals required for the start of implementation of the Project.
 - 6) Confirmation from LIE that all approvals required for commencing Implementation of the project are available at the Project Site.
 - 7) Confirmation that the Project Site is under possession of the Borrower.
 - 8) Land Lease agreement should have been executed.
 - 9) The Borrower shall ensure that all project contracts executed for the Project shall be reviewed by LIE and LLC and any issues shall be resolved by the Borrower to the satisfaction of Lenders.
 - 10) All project contracts as required by the LIE at the time of first disbursement for scheduled implementation of the Project shall have been executed.
 - 11) All the Financing Documents shall have been executed and the same are in force and effect backed by a legal opinion from LLC.
 - 12) The LLC shall have submitted a due-diligence report covering its scope of work and the Borrower shall have resolved all issues raised by them to the satisfaction of the Lenders.
 - 13) Lenders' insurance Advisor (LIA) shall have been appointed on terms as decided by the Lenders for review and monitoring of the insurance arrangements for the Project. The Borrower will arrange for comprehensive insurance policies as advice by LIA and ensure that requisite insurance policies have been suitable endorsed in favour of the Lenders which should contain the Lenders' Security Stipulation and name the Lenders/Security Trustee as loss payees. A copy of policy should be submitted to the Lenders/ LIA for review.
 - 14) Lenders' Independent Engineer (LIE) shall have been appointed on terms as decided by the Lenders. The LIE shall have submitted a due-diligence report covering its scope of work and the Borrower shall have resolved all issues raised by them to the satisfaction of the Lenders.
 - 15) All the Security shall be created upfront before disbursement. Perfection of the same shall be completed in due course of time
 - 16) The stipulated Upfront Promoters' Contribution in the Project has been infused as evidenced by a certificate from the Chartered Accountant (acceptable to the Lenders).

SUBSEQUENT DISBURSEMENT

- 1) The subsequent disbursement/s shall be made on pro rata basis to the promoters' contribution brought in for the project and also taking into account the following, in addition to, compliance of pending conditions/formalities for earlier disbursements.
- 2) Conditions laid down at the time of last release of funds have been complied with to the satisfaction of Lenders unless otherwise permitted to be complied later.
- 3) Views of Nominee Director, if required, have been obtained.



- 4) Satisfactory progress on the Implementation of the project
- 5) Project inspection by Lenders or its nominees, if required.
- 6) Interest payment up-to-date has been received/being adjusted from IDC by IREDA/ lender.
- 7) Reports of Concurrent Auditors, wherever appointed by Lenders are received
- 8) Annual Reports as being sought at the time first of disbursement
- 9) Documents required to be furnished for claiming reimbursements if any, by IREDA/ Lender from International Lenders are submitted.
- 10) Furnishing of Chartered Accountants (statutory Auditors) Certificate along with documents as applicable for first installment of Regular disbursement.
- 11) LIE to confirm that the Project is in compliance of SWM, 2016 guidelines.

