

**IREDA Legal Form No.**

**GENERAL CONDITIONS FORMING PART OF THE LOAN AGREEMENT DATED  
\_\_\_\_\_, 20..... ENTERED INTO BETWEEN M/S  
\_\_\_\_\_  
(BORROWER) AND INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.  
(IREDA)**

**APPLICABLE TO ASSISTANCE (PROJECT LOANS/EQUIPMENT FINANCE  
LOAN PROVIDED BY**

**INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LIMITED (IREDA)**

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**ARTICLE I**

**APPLICABILITY**

The General Conditions set out herein shall, if the Loan Agreement so provides, be applicable to the assistance provided by Indian Renewable Energy Development Agency Limited (IREDA).

If there is any inconsistency between the General Conditions and the Loan Agreement, the Loan Agreement will prevail.

All the provisions of these General Conditions and the Loan Agreement shall have full force and effect till all monies due from the Borrower to IREDA under the Loan Agreement are paid/repaid in full.

## **ARTICLE II**

### **DEFINITIONS**

The following terms have the following meanings in these General Conditions and in the Loan Agreement :

1. "Borrower" means the party to the Loan Agreement to whom the Loan is made.
2. "Indian Renewable Energy Development Agency Limited" means IREDA.
3. "Loan Agreement" means the particular loan agreement and includes these General Conditions as applied thereto, and all schedules and amendments supplemental to the Loan Agreement.
4. "Loan" means rupee loan agreed to be provided to the Borrower under the Loan Agreement.
5. "Project" means the project for which the Loan is agreed to be granted, as described in the Loan Agreement.
6. All other terms used in these General Conditions shall have the meanings assigned to them under the Loan Agreement.

### ARTICLE III

#### DISBURSEMENT, INTEREST,

#### OTHER CHARGES AND REPAYMENT

##### Section 3.1 - TERMS OF DISBURSEMENT :

- I) The Loan will be disbursed in one or more instalment(s) or in such other manner as may be decided by IREDA subject to the Borrower complying with the provisions of the Loan Agreement and the disbursement procedure stipulated by IREDA (including production/execution of evidences/documents required for disbursement) and the expenditure incurred on the Project being in consonance with the details mentioned in the Loan Agreement. All disbursements shall be by cheque(s)/ authorisation(s)/draft/s and the collection/remittance charges will be borne by the Borrower. The interest on the Loan will accrue as from the date of such cheque(s)/draft and, in the case of authorisation(s), from the value date as specified in the authorisation of the IREDA.
- II) In the event of the IREDA agreeing to disburse any amount of the Loan pending creation of final security as stipulated in the Loan Agreement, the same may be disbursed on such terms as may be decided by the IREDA.
- III) Upon execution of the Loan Agreement disbursements made by IREDA to the Borrower by way of interim loan/s, if any, shall be deemed to be disbursements made by the IREDA under the Loan Agreement and, accordingly, all the provisions of the Loan Agreement shall extend to and be applicable thereto.

Section 3.2 - **ADJUSTMENT OF OVERDUES**

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

Section 3.3 (a) : **Interest** :

- I) All interest on the loan and on all other monies accruing due under the Loan Agreement shall, in case the same be not paid on the respective due dates, carry interest/further interest at the prevailing rate as mentioned in the Loan Agreement. Such interest will be computed from the respective due dates and shall become payable upon the footing of compound interest with quarterly rests as provided in the Loan Agreement.
- II) All interest on other monies which shall accrue under the provisions of the Loan Agreement shall also be payable in the manner and on the dates as mentioned in the Loan Agreement for payment of interest on the principal amount of the loan.

Section 3.3 (b) - **INTEREST ON INTERIM LOAN**

The Borrower agrees, undertakes and confirm that it shall pay further additional interest at the rate/s mentioned hereunder over and above the applicable rate of interest on interim disbursement(s) till creation of security as stipulated in the Loan Agreement.

Section 3.4 **WEIGHTED AVERAGE RATE OF INTEREST**

IREDA may charge interest on the Loan at the weighted average rate, where applicable.

For the purpose of this clause "**weighted average rate**" means the weighted mean of the rates of interest as the case may be applicable to the Loan.

Section 3.5 **COMPUTATION OF INTEREST AND OTHER CHARGES**

Interest and all other charges shall accrue from day to day and shall be computed on the basis of 365 days' year in the case of the rupee loans and the actual number of days elapsed.

Section 3.6 **REPAYMENT** :

- I) IREDA may, in suitable circumstances, revise, vary or postpone the repayment of the principal amounts of the Loan or the balance outstanding for the time being or any instalment(s) of the said principal amounts of the Loan or any part thereof upon such terms and conditions as may be decided by them.
- II) In the event of any default in the payment of instalments of principal, any interest and liquidated damages, postponement, if any, allowed by the IREDA shall be at the rate of interest as may be stipulated by the IREDA at the time of postponement.

- III) If, for any reason, the amount finally disbursed by the IREDA out of the Loan is less than the amount of the Loan, the instalment(s) of repayment of the Loan shall stand reduced proportionately unless otherwise stipulated by IREDA but shall be payable on the due dates as specified in the Amortization Schedule in the Loan Agreement.

Section 3.7 **ACCELERATION OF REPAYMENT BY THE IREDA** :

If IREDA finds that the profitability of the Borrower, the cash flow and other circumstances so warrant, the IREDA may on previous intimation to the borrower require the Borrower to prepay the loan on dates earlier than the dates specified in the Amortization Schedule in the Loan Agreement and also increase the amount of instalments of repayment fixed in that Schedule.

Section 3.8 - **PREMATURE REPAYMENT** :

The Borrower shall not prepay the outstanding principal amounts of the Loan in full or in part, before the due dates and except after obtaining the prior written approval of the IREDA which may be granted subject to such conditions as the IREDA may deem fit including payment of premia for such prepayment.

Section 3.8 - **DUE DATE OF PAYMENT**

In respect of Rupee term loan, if the due date in respect of any instalment of principal, interest and liquidated damages and all other monies payable under the Loan Agreement falls on a Saturday or a day which is a bank holiday at the place where the payment is to be made , the immediately preceding working day shall be the due date for such payment.



Section 3.9 (\*) **LIQUIDATED DAMAGES ON DEFAULTED AMOUNTS**

In case of default in payment of instalment of principal, interest and all other monies (except liquidated damages) on their respective due dates, the Borrower shall pay on the defaulted amounts, liquidated damages at the rate of 5.00% per annum for the period of default. Liquidated damages shall be payable in the manner and on the dates as specified in the Loan Agreement for payment of interest. Arrears of liquidated damages shall carry interest at the rate applicable to loan.

**OR**

**Liquidated damages for default amount in cases where loans are sanctioned for Wind Farm Project.**

In case of default i) in payment of instalment of principal, interest and all other monies (except liquidated damages) on their respective due dates, ii) in submission of quarterly progress report of the previous quarter alongwith draft towards payment of dues for the current quarter; the Borrower shall pay on the defaulted amounts, liquidated damages at the rate of 6.50% per annum for the period of default on the amounts due in respect of this loan as also in respect of previous loans and future loans during a particular quarter shall be payable so long as any default in compliance of the above undertakings/ conditions subsist and/or is not removed to the satisfaction of IREDA. Liquidated damages shall be payable in the manner and on the dates as specified in the Loan Agreement for payment of interest. Arrears of liquidated damages shall carry interest at the rate applicable to loan.

The above two conditions shall apply to group companies within the same management as defined in the Companies Act and to the existing loan sanctioned/to be sanctioned to the Borrower. The Borrower shall obtain undertakings from the Group Companies to the said effect.

Section 3.10 - **REIMBURSEMENT OF EXPENSES** :

- I) The Borrower shall reimburse all sums paid by the IREDA under the provisions of the Loan Agreement within 30 days from the date of notice of demand from IREDA. All such sums shall be debited to the Borrower's Loan Account and shall carry interest from the date of payment till such reimbursement at the Applicable Rate.
  
- II) In case of default in making such reimbursement within 30 days from the date of notice of demand, the Borrower shall also pay on the defaulted amounts, liquidated damages at the rate of 5.00%(\*) per annum from the expiry of 30 days from the date of notice of demand till reimbursement (in accordance with the provisions of Section 3.9).

**(\* To be increased to 6.5% for loans sanctioned for Wind Farm Project**

Section 3.11 - **APPROPRIATION OF PAYMENTS**

- (a) Unless otherwise agreed to by IREDA, any payments due and payable under the Loan Agreement and made by the Borrower shall be appropriated towards such dues in the following order, viz.,
  - I) Premium on prepayment;
  
  - II) Costs, charges, expenses and other monies;
  
  - III) Interest on costs, charges and expenses and other monies;

- IV) Interest including additional interest, payable in terms of the Loan Agreement;
  - V) Further interest and liquidated damages on defaulted amounts;
  - VI) Repayment of instalments of principal due and payable under the Loan Agreement;
- (b) Notwithstanding anything contained in Clause (a) hereinabove IREDA may at its discretion, appropriate such payments towards the dues, if any, payable by the Borrower in respect of earlier loan(s) availed of by the Borrower from IREDA in the order specified in the relative Loan Agreement.

Section 3.12 **PLACE AND MODE OF PAYMENT BY THE BORROWER**

All monies payable by the Borrower to IREDA shall be paid to them at New Delhi by cheque or by bank draft drawn in favour of IREDA on a scheduled bank at New Delhi and shall be so paid as to enable the IREDA to realise, at par, the amount on or before the relative due date. Credit for all payments by local cheque/bank draft will be given on the Lenders' immediately next working day after the date of receipt of the instrument or the relative due date whichever is later. Credit for all payments made by outstanding cheques/Bank Draft will be given only on realisation or on the relative due date whichever is later.

**ARTICLE IV**

**BORROWER'S WARRANTIES**

Except to the extent already disclosed in writing by the Borrower to IREDA, the Borrower shall be deemed to have assured, confirmed and undertaken as follows :-

**4.1 DUE PAYMENT OF PUBLIC AND OTHER DEMANDS**

The Borrower is not in arrears of any public demand such as Income-tax, corporation tax and all other taxes and revenues or any other statutory dues payable to the Central or State Government(s) or any local or other authority.

**4.2 SELLING AND PURCHASING ARRANGEMENTS :**

The Borrower has entered into requisite selling and purchasing arrangements to the satisfaction of the IREDA.

**4.3 MANAGEMENT AGREEMENT**

The terms and conditions of appointment of Managing Director or any other person holding substantial powers of management, by whatever name called, shall be subject to the approval of the IREDA.

**4.4 CONFLICT WITH MEMORANDUM AND ARTICLES OF ASSOCIATION**

Nothing in the Loan Agreement conflicts with the Memorandum and Articles of Association of the Borrower.

4.5 **Willful defaults** :

The Borrower declares and confirms that it is not willful defaulter to other Banks and Institutions (RBI has defined as willful default as deliberate non-payment of dues despite adequate cash flow and good networth; siphoning off of funds to the detriment of the defaulting unit; the assets financed by the Bank and Financial Institutions have either not been purchased or have been sold and proceeds have been misutilised; misrepresentation, falsification of records; disposal and removal of securities without the knowledge of the Bank and fraudulent transactions by the Borrower).

**ARTICLE V**

**PRE DISBURSEMENT CONDITIONS**

**CONDITIONS PRECEDENT TO DISBURSEMENT**

The obligation of IREDA to make disbursements under the Loan Agreement shall be subject to the Borrower performing all its obligations and undertakings under the Loan Agreement besides compliance by the Borrower with the Disbursement Procedure stipulated by IREDA, such as submission of necessary information, documents, etc. to the satisfaction of the IREDA. Before seeking disbursement, the Borrower shall also comply with the following conditions :

**5.1 RAISING OF SHARE CAPITAL :**

The Borrower shall raise share capital as stipulated in the Loan Agreement and promoters shall subscribe to such share capital to the extent stipulated by the IREDA.

**5.2 SECURITY IN FAVOUR OF THE LENDERS :**

The Borrower shall create security as stipulated in the Loan Agreement in favour of the IREDA.

**5.3 BORROWINGS FROM OTHER INSTITUTIONS/BANKS :**

The Borrower shall enter into effective agreement with other institutions and banks in the form and substance satisfactory to IREDA for raising of funds as per the financing plan.

**5.4 NON-EXISTENCE OF EVENT OF DEFAULT :**

The Borrower shall satisfy IREDA that no event of default as defined in Article IX hereof and no event which, with the lapse of time or notice and lapse of time as specified in Article IX, would become an event of default, has happened and been continuing.

**5.5 COMPLIANCE WITH SPECIAL CONDITIONS :**

The Borrower shall comply with such special conditions as may be stipulated by IREDA at the time of communication of the sanction of the Loans or subsequently.

**5.6 DETAILED REVIEW OF THE PROGRESS :**

- I) IREDA shall have the right to review the cost of the Project before final disbursement of the Loan.
- II) IREDA may withhold disbursement of the amount of the Loan equivalent to the provision against margin money for working capital in the cost of the Project, till such time as the Project is completed and build up of working capital commences.

**5.7 UNDERTAKING FOR MEETING SHORTFAL :**

The Borrower shall procure undertaking(s) from such persons/promoters including promoter companies as may be specified by IREDA in the form required by the IREDA, whereby it/he/they shall take the responsibility for making arrangements satisfactory to IREDA for meeting the shortfall, if any, in the resources of the Borrower for completing the Project and/or

for working capital. The Borrower shall join in such undertaking as a confirming party. The funds brought in to meet the shortfall in the resources of the Borrower for completing the Project and/or working capital shall be in such form and manner and on such terms as may be required by the IREDA.



**ARTICLE VI**

**CONDITIONS APPLICABLE DURING  
CURRENCY OF THE LOAN AGREEMENT**

Section 6.1 **PROJECT**

The Borrower shall,

a) **PROJECT CHANGES**

Promptly notify IREDA of any proposed change in the nature or scope of the Project and of any event or condition which might materially and adversely affect or delay completion of the Project or result in substantial overrun in the original estimate of costs. Any proposed change in the nature or scope of the Project shall not be implemented or funds committed therefor without the prior approval of the Lenders;

b) **CONTRACT CHANGES**

Obtain prior concurrence of IREDA to any material modification or cancellation of the Borrower's agreements with its machinery suppliers, collaborators, technical consultants and suppliers of raw materials;

c) **DELAY IN COMPLETING THE PROJECT**

Promptly inform IREDA of the circumstances and conditions which are likely to disable the Borrower from implementing the Project or which are likely to delay its completion or compel the Borrower to abandon the same.

Section 6.2 - **FINANCING OF THE PROJECT**

The Borrower shall,

6.3 **UTILISATION OF THE LOANS :**

- a) Furnish to IREDA at the end of each month following the month in which the Loan monies are disbursed, a statement showing the manner in which the said monies have been utilised.

**Availing of 10% instalments of loan :**

- b) The Borrower agrees and undertakes that before availing of last 10% of loan amount from IREDA, it shall furnish to IREDA complete list of all the plant and machinery, equipments and other movable assets and fixed assets indicating therein maker name, cost, number of the machines wherever possible, model No. already acquired/to be acquired and charged/to be charged to IREDA in the prescribed form of IREDA. The list of plant and machinery, equipments shall be duly certified by the Statutory Auditors of the Borrower and countersigned by the Managing Director/Authorised Director of the Borrower.

6.4 **SPECIAL BANK ACCOUNT :**

- a) Keep the drawals from the Loan in special accounts in the name of the Borrower with a scheduled bank to be approved by the IREDA, the payments from which account shall be subject to verification by any person authorised in this behalf by IREDA. The Borrower shall also obtain and furnish to IREDA a letter (in a form approved by the IREDA) from the said bank forgoing its right of set-off or lien in respect of such account;

- b) Keep such records as may be required by IREDA to facilitate verification of the entries in the said account. The Borrower shall also authorise the said Bank to furnish to IREDA, as and when required by it, certified true copy of the said account with details for verification by IREDA, at the expense of the Borrower.
  
- c) Not transfer the Loans or any portion thereof from the said special account for being kept in call or any deposit in any bank without obtaining the prior written approval of IREDA.

Section 6.5 - **GENERAL COVENANTS**

(A) Without the prior approval of IREDA, the Borrower shall not,

a) **NEW PROJECT**

Undertake any new project, diversification, modernisation or substantial expansion of the Project described herein. The word "substantial" shall have the same meaning as under the Industries (Development and Regulation) Act, 1951.

b) **LOANS, DEBENTURES AND CHARGES**

Issue any debentures, raise any loans, accept deposits from public, issue equity or preference capital, change its capital structure or create any charge on its assets or give any guarantees. This provision shall not apply to normal trade guarantees or temporary loans and advances granted to staff or contractors or suppliers in the ordinary course of business or to raising of unsecured loans, overdrafts, cash credit or other facilities from banks in the ordinary course of business;

c) **PREMATURE REPAYMENT**

Prepay any loan availed of by it from any other party. If for any reason, the Borrower is required to prepay any loan, it shall make proportionate prepayment to IREDA as well as subject to such conditions as may be stipulated by IREDA ;

d) **COMMISSION**

Pay any commission to its promoters, directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by the Borrower or in connection with any other obligation undertaken for or by the Borrower for the purpose of the Project;

e) **DIVIDEND** :

Declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to IREDA upto the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefor. Further the Borrower shall not declare dividend to the equity shareholders in excess of 15% of the average of the dividend paid in the three preceding years whichever is higher, without prior approval of IREDA which may be given conditionally.

f) **SUBSIDIARIES**

Create any subsidiary or permit any company to become its subsidiary.

g) **MERGER, CONSOLIDATION, ETC.**

Undertake or permit any merger, consolidation reorganisation, and scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction and/or change of its constitution.

h) **INVESTMENT BY BORROWER :**

Make any investments by way of deposits, loans share capital etc., in any concern.

i) **REVALUATION OF ASSETS :**

Do revaluation of assets at any time during the currency of the loans.

j) **TRADING ACTIVITY :**

Carry on any general trading activity other than the sale of its own products.

**B : Unless otherwise agreed to by IREDA, the Borrower shall**

i) **ACCOUNTING AND COST CONTROL SYSTEM :**

Promptly and diligently install and thereafter maintain an accounting and cost control system satisfactory to the IREDA and maintain books of accounts and other records adequate to reflect truly and fairly the financial position of the Borrower and the results of its operation (including the progress of the Project) in conformity with sound accounting principles consistently applied. Such records and books shall be open to examination by IREDA or any of their authorised representatives.

ii) **Information on Loans, Goods etc.**

Provide to IREDA all such information relating to the loan, the goods and services financed out of loan, project and its operations and other related matters as IREDA shall from time to time at its discretion request including information relating to the administration, management and financial condition of the Borrower.

iii) **NOTICE OF WINDING UP OR OTHER LEGAL PROCESS :**

Promptly inform IREDA if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Companies Act, 1956, or any other notice under any of the Act or otherwise of any suit or other legal process intended to be filed or initiated against the Borrower and affecting the title to the properties of the Borrower or if a Receiver is appointed of any of its properties or business or undertaking;

iv) **ADVERSE CHANGES IN PROFITS AND PRODUCTION**

Promptly inform IREDA of the happening of any labour strikes, lockouts, shut-downs, fires or any event likely to have a substantial effect on the Borrower's profits or business and of any material changes in the rate of production or sales of the Borrower with an explanation of the reasons therefor;

v) **INSURANCE**

- a) Keep insured up to the replacement value thereof as approved by IREDA (including surveyor's and architect's fees) the properties charged/to be charged to IREDA and such of its other properties as are of an insurable nature against fire, theft, lightning, explosion, earthquake, riot, strike, civil commotion, storm, tempest, flood, marine risks, erection risks, war risks, and such other risks as may be specified by IREDA and shall duly pay all premia and other sums payable for that purpose. The insurance in respect of the properties charged/to be charged to IREDA shall be taken in the joint names of the Borrower and IREDA and any other person or institution having an insurable interest in the properties of the Borrower and acceptable to IREDA. The Borrower shall keep deposited with IREDA the insurance policies and renewals thereof;
- b) Agree that, in the event of failure on the part of the Borrower to insure the properties or to pay the insurance premia or other sums referred to above, IREDA may get the properties insured or pay the insurance premia and other sums referred to above, as the case may be.

vi) **LOSS OR DAMAGE BY UNCOVERED RISKS :**

Promptly inform IREDA of any loss or damage which the Borrower may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Borrower may not have insured its properties;

vi) **IMPOSTS, COSTS AND CHARGES**

- a) During the currency of the Loan bear all such imposts, duties and taxes (including interest and other taxes, if any) as may be levied from time to time by the Government or other authority with the sanction of law pertaining to or in respect of the Loan;
- b) Pay all other costs, charges and expenses in any way incurred by the IREDA (including costs of investigation of title and protection of IREDA interest) and such additional stamp duty, other duties, taxes, charges and other penalties if and when the Borrower is required to pay according to the laws for the time being in force in the State in which its properties are situated or otherwise;
- c) Agree that in the event of the Borrower failing to pay the monies referred to in sub-clause (a) and (b), IREDA will be at liberty (but shall not be obliged) to pay the same. The Borrower shall reimburse all sums paid by the Lenders in accordance with the provisions contained in the Loan Agreement.

vii) **SUBMISSION OF ANNUAL ACCOUNTS** :

Shall submit within 15 days after approval by shareholders, Annual Reports and Audited Accounts of the Borrower and also shall forward to IREDA quarterly unaudited results if finalised by the Borrower as soon as they are out and published in the news papers. In case Statutory Audit is not likely to be completed within six months from the closing of its Accounting Year, the Borrower shall get its accounts audited by an independent Firm of Chartered Accountants



and furnish the same to IREDA. The Borrower further agrees and undertakes to keep IREDA informed about its financial health at frequent intervals say at the end of each quarter during the year. The Borrower further agrees and undertakes that if there is down ward trend of its networth it shall keep IREDA informed about its networth supported with Auditor's Certificate as on 30th September and 31st March each year and also shall advise IREDA about the remedial measures taken by it to check the erosion of its networth.

viii) **MEMORANDUM AND ARTICLES OF ASSOCIATION**

Carry out such alterations to its Memorandum and Articles of Association as may be deemed necessary in the opinion of IREDA to safeguard the interests of IREDA arising out of the Loan Agreement;

ix) **SELLING AND PURCHASING ARRANGEMENTS :**

If so required by IREDA the Borrower shall take steps to suitably modify or terminate the existing selling/purchasing arrangements in such manner as may be required by IREDA. The Borrower shall not enter into any fresh agreement for the appointment of sole selling agents sole purchasing agents without the prior approval of IREDA. Any such arrangements shall be subject to such terms and conditions as may be stipulated by IREDA.

xi) **SUBORDINATION OF OTHER LOANS** :

Unless otherwise agreed to by IREDA , all other loans/advances raised/to be raised by the Borrower from any source whatsoever shall be subordinate to the IREDA Loan institutional loans both in respect of repayment of the principal and payment of interest thereon. The Borrower shall not pay any interest on such other loans and advances if at the time of such payment there is default in the payment of instalment of the principal amounts of the institutional/IREDA loans and or interest due and other loans/advances shall be in such form and on such terms and conditions as may be agreed to by IREDA and shall not involve any charge on the assets of the Borrower.

Section 6.4 **NOMINEE DIRECTORS**

- I) IREDA shall have the right to appoint and remove from time to time, Director(s) on the Board of Directors of the Borrower as set out in the Loan Agreement (such director(s) is/are hereinafter referred to as 'Nominee Directors" nominated.
- II) The Nominee Director(s) shall not be required to hold qualification shares and not be liable to retire by rotation.
- III) The Nominee Directors shall be entitled to all the rights and privileges of other directors including the sitting fees and expenses as payable to other directors but if any other fees, commission, monies or remuneration in any form is payable to the directors, the fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to IREDA and the same shall accordingly be paid by the Borrower directly to IREDA.

Provided that if any such Nominee Directors is/are officers of the IREDA, the sitting fees in relation to such Nominee Directors shall also accrue to IREDA and the same shall accordingly be paid by the Borrower directly to IREDA .

Any expenditure incurred by IREDA or the Nominee Directors in connection with his/their appointment or directorship shall be borne by the Borrower.

- IV) The Nominee Directors shall be appointed Member(s) of the Management Committee or other Committees of the Board, if so desired by IREDA.
- V) The Nominee Directors shall be entitled to receive all notices, agenda and minutes, etc. and to attend all General Meetings and Board Meetings and Meetings of any Committees of the Board of which he/they is/are members and to receive all routines Agenda minutes etc. of the said meetings.
- VI) If, at any time, the Nominee Directors are not able to attend a meeting of the Board of Directors or any of its Committees, of which he/they is/are members, IREDA may depute an observer to attend the meeting. The expenses incurred by IREDA in this connection shall be borne by the Borrower.
- VII) The Borrower agrees and confirms that the Borrower shall take immediate steps within time bound programme to appoint nominee/s of IREDA on its Board immediately on receipt of letter from IREDA and shall ensure that IREDA's nominees are taken on its Board at the next meeting of the Borrower to be held after receipt of IREDA's letter as aforesaid.

Section 6.5 - **MANAGEMENT**

Unless IREDA otherwise agree :

i) **EXISTING MANAGEMENT**

The Borrower shall not remove any person, by whatever name called, exercising substantial powers of management of the affairs of the Borrower at the time of execution of the Loan Agreement.

ii) **PAYMENT OF REMUNERATION :**

The person(s) referred to at (i) above shall not be paid any commission in any year unless all the dues of IREDA in that year have been paid to the satisfaction of IREDA .

iii) **PAYMENT OF COMPENSATION AND UNDERTAKINGS :**

The Borrower shall not pay any compensation to any of the persons mentioned at (i) in the event of loss of his/their office(s) for any reason whatsoever and the Borrower shall obtain suitable undertakings for giving effect to (ii) and (iii) above from the persons mentioned at (i) above. The appointment/reappointment including terms of appointment (or alteration in such terms) of the persons mentioned at (i) above shall be subject to the prior approval of IREDA.

iv) **REVIEW OF MANAGEMENT** :

In case of default in the payment of any dues to IREDA or if in the opinion of IREDA the business of the Borrower is conducted in a manner opposed to the public policy or in a manner prejudicial to the IREDA interest IREDA shall have the right to review the management set-up or organization of the Borrower and to require the Borrower to restructure it as may be considered necessary by IREDA, including the formation of Management Committees with such powers and functions as may be considered suitably by IREDA.

v) **FUTURE ARRANGEMENT**

The Borrower shall, as and when required by IREDA appoint and change to the satisfaction of IREDA, suitable technical, financial and executive staff of proper qualifications and experience for the key posts. The terms of such appointments, including any changes therein, shall be subject to prior approval of IREDA.

vi) **RESTRICTION AGAINST DISPOSAL OF SHAREHOLDINGS**

The Borrower shall not recognise or register any transfer of shares in the Borrower's capital made or to be made by promoters, their friends or associates as may be specified by IREDA. The Borrower shall obtain and furnish to IREDA suitable undertakings from such persons for giving effect to the above.

vii) **APPOINTMENT OF TECHNICAL/MANAGEMENT CONSULTANT**

- a) IREDA shall have the right to appoint, whenever it considers necessary, any person, firm, company or association of persons engaged in technical, management or any other consultancy business to inspect and examine the working of the Borrower and its factory and to report to IREDA. IREDA shall have the right to appoint, whenever they consider necessary, any Chartered Accountants/Cost Accountants as auditors for carrying out any specific assignment(s) or to examine the financial or cost and other accounting system and procedures adopted by the Borrower for its financial working or as concurrent or for conducting a special audit of the Borrower. The costs, charges and expenses including professional fees and travelling and other expenses of such consultants or auditors shall be payable by the Borrower.
  
- b) The Borrower shall constitute such committees of the Board with such composition and functions as may be required by IREDA for close monitoring of different aspects of its working.

**ARTICLE VII**

**REPORTS**

Section 7.1 **REPORTS**

The Borrower shall furnish to IREDA such reports as may be required by them.

**ARTICLE VIII**

**INSPECTION**

Section 8.1 **INSPECTION**

The Borrower shall,

a) **PROJECT EXPENDITURE RECORDS**

Maintain records and procedures adequate to record and monitor the progress of the project showing expenditure incurred on the Project, utilisation of the disbursement out of the Loan, progress of the Project and the operations and financial conditions of the Borrower and such records shall be open to examination by IREDA and its authorised representatives.

b) **TECHNICAL, FINANCIAL AND LEGAL INSPECTIONS**

- l) Permit IREDA and its authorised representatives to carry out technical, financial and legal inspections of the goods purchased out of the loan and to visit any facilities and construction site included in the Project and to examine any plants installations, sites works buildings property equipment/s records and documents relevant to the performance of the obligations of the Borrower under the Loan Agreement. Any such representative of IREDA shall have free access at all reasonable times to the Borrower's properties and shall receive full cooperation and assistance from the employees of the Borrower.



- II) Permit any whole-time-Officer of IREDA or a qualified practicing Auditor to examine the Borrower's books and papers and will give all facilities to enable any technically qualified person chosen by IREDA to report on the business of the Borrower at any time provided that if the technically qualified person is not a whole-time-employee of IREDA such technically qualified person shall be reasonably acceptable to the Borrower having regard to his other activities if any.
  
- III) The cost of inspection including travelling and all other expenses shall be payable by the Borrower to IREDA in this behalf.

**ARTICLE IX**  
**EVENTS OF DEFAULT AND REMEDIES**

If any one or more of the event specified in the Section (hereinafter called events of defaults) happen(s) IREDA may by notice in writing to the Borrower declare the principal sum of loan and all accrued interest on the loan to be due and payable forthwith and the security created in terms of provisions of the Loan Agreement shall become enforceable and IREDA shall have the following rights (anything in these General Conditions to the contrary notwithstanding)

- I) To enter upon and take possession of the assets of the Borrower and
- II) To transfer the assets of the Borrower by way of lease or leave and licence or sale.

Section 9.1 **EVENTS OF DEFAULT** :

a) **DEFAULT IN PAYMENT OF PRINCIPAL SUM OF THE LOAN** :

Default has occurred in the payment of principal sum of the Loan on the due dates.

b) **DEFAULT IN PAYMENT OF INTEREST** :

Default has been committed by the Borrower in payment of any instalment of interest on the Loan and such default has continued for a period of thirty days after becoming due.

c) **ARREARS OF INTEREST** :

Interest amounting to atleast Rs. 500/- has been in arrears and unpaid for thirty days after becoming due.

d) **DEFAULT IN PERFORMANCE OF COVENANTS AND CONDITIONS** :

Default has occurred in the performance of any other covenant, condition or agreement on the part of the Borrower under the Loan Agreement or any other agreement and such default has continued for a period of thirty days after notice in writing thereof has been given to the Borrower by IREDA.

e) **SUPPLY OF MISLEADING INFORMATION** :

Any information given by the Borrower in its application for Loan, in the reports and other information furnished by the Borrower in accordance with the Reporting System and the warranties given/deemed to have been given by the Borrower to IREDA is misleading or incorrect in any material respect.

f) **INABILITY TO PAY DEBTS**

If there is reasonable apprehension that the Borrower is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been commenced.

g) **INADEQUATE INSURANCE**

If the properties and assets offered to IREDA as security for the Loan have not been kept insured by the Borrower or depreciate in value to such an extent that, in the opinion of IREDA, further security to the satisfaction of IREDA should be given and on advising the Borrower to that effect such security has not been given to IREDA.

h) **SALE, DISPOSAL AND REMOVAL OF ASSETS**

If, without the prior approval of IREDA , any land, building, structures and plant and machinery of the Borrower are sold, disposed off, charged or encumbered or alienated or the said building, machinery plant or other equipment are removed, pulled down or demolished.

i) **REFUSAL TO DISBURSE LOANS BY OTHER FINANCIAL INSTITUTIONS**

If the other financial institution(s) or bank(s) with whom the Borrower has entered into agreements for financial assistance have refused to disburse its/their loan(s) or any part thereof or have recalled its/their loan(s) under their respective loan agreement(s) with the Borrower.

j) **PROCEEDINGS AGAINST BORROWER**

The Borrower has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Borrower is voluntarily or involuntarily dissolved.

k) **INABILITY TO PAY DEBTS ON MATURITY**

The Borrower is unable or has admitted in writing its inability to pay its debts as they mature.

**l) APPOINTMENT OF RECEIVER OR LIQUIDATOR**

A receiver or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Borrower.

**m) ATTACHMENT AND DISTRAINT ON MORTGAGE PROPERTIES**

If an attachment or distraint has been levied on the mortgaged and /or hypothecated properties or any part thereof or certificate proceedings have been taken or commenced for recovery of any dues from the Borrower.

**n) EXTRA-ORDINARY CIRCUMSTANCES**

If extra-ordinary circumstances have occurred which make it improbable for the Project to be carried out and for the Borrower to fulfil its obligations under the Loan Agreement.

Section 9.2 : **Disposal/Mortgage of Assets** :

If the Borrower's properties both immovable and movable which are given as mortgage/hypothecation as security for the loan are disposed off, sold, charged encumbered, alienated or transferred, tempered with and/or removed from project site without the prior approval in writing of IREDA.

Section 9.2 (a) **Willful Default** :

If the Borrower is a willful defaulter to IREDA and/ or other Institutions/Banks from whom it has taken loans.

**9.2 (b) : Default in respect of principal payment and interest and performance of covenants and conditions of Financial assistance.**

Default has occurred in the repayment of any instalment of principal sum or payment of interest in respect of financial assistance, if any granted by IREDA or default has occurred in the performance of any other covenant condition or agreement on the part of the Borrower under any Agreement (s) in respect of such existing financial assistance and such default has continued for a period of 30 days after notice in writing has been given to the Borrower by IREDA.

Section 9.3 **CONSEQUENCES OF DEFAULT :**

**a) APPOINTMENT OF NOMINEE DIRECTORS/WHOLE-TIME DIRECTOR**

On the happening of any of the events of default as specified in Article\_\_\_ in addition to the rights specified in Section hereof, IREDA shall be entitled to appoint and remove from time to time Whole-time Director(s) on the Board of Directors of the Borrower (such Director(s) are hereinafter referred to as "the Whole- time Nominee Director(s)"). Such Whole-time Nominee Director(s) shall exercise such powers and duties as may be approved by IREDA and have such rights as are usually exercised by or are available to a Whole- time Director in the management of the affairs of the Borrower. Such Whole-time Nominee Director(s) shall not be required to hold qualification shares nor be liable to retire by rotation and shall be entitled to receive such remuneration, fees, commission and monies as may be approved by IREDA. Such Whole-time Nominee Director(s) shall have the right to receive notices of and attend all General Meetings and Board Meetings or any Committee(s) of the Borrower of which they are members.

Any expenses that may be incurred by IREDA or such Whole-time Nominee Director(s) in connection with their appointment or directorship shall be paid or reimbursed by the Borrower to the Lenders or, as the case may be, to such Whole-time Nominee Director(s).

The Borrower shall not declare or pay any dividend to its shareholders during any financial year without the prior written approval of the Lenders.

Section 9.4 **NOTICE TO IREDA ON THE HAPPENING OF AN EVENT OF DEFAULT**

If any event of default or any event which, after the notice, or lapse of time, or both, would constitute an event of default has happened, the Borrower shall forthwith give notice thereof to IREDA in writing specifying the nature of such event of default, or of such event.

Section 9.4 (a) **Default in observance of covenants under the Loan Agreement to be a default in respect of existing loan.**

If any event of default mentioned in this Article herein has occurred such event of default would also constitute an event of default under the Loan Agreement(s) in respect of existing loan(s) if any, granted by IREDA to the Borrower.

Section 9.5 **EXPENSES OF PRESERVATION OF ASSETS OF BORROWER AND OF COLLECTION**

All expenses incurred by the Lenders after an event of default has occurred in connection with -

- I) preservation of the Borrower's assets (whether then or thereafter existing);  
and
- II) collection of amounts due under the Loan Agreement shall be payable by the Borrower.



**ARTICLE X**

**CANCELLATION, SUSPENSION AND TERMINATION**

Section 10.1 - **CANCELLATION BY NOTICE TO IREDA**

The Borrower may, by notice in writing to IREDA, cancel the Loans or any part thereof which the Borrower has not withdrawn prior to the giving of such notice.

Section 10.2 – **SUSPENSION** :

Further access by the Borrower to the use of the Loan may be suspended or terminated by IREDA :

a) **NON-COMPLIANCE OF TERMS AND CONDITIONS**

Upon failure by the Borrower to carry out all or any of the terms of the Loan Agreement or on the happening of an event of default as specified in Article \_\_\_\_ hereof.

b) **ASSIGNMENT OR TRANSFER OF PROPERTIES TO RECEIVER, ASSIGNEE, ETC.**

If the Borrower takes or permits to be taken any action or proceedings whereby any of its properties shall or may be assigned or, in any manner, transferred or delivered to any Receiver, Assignee, Liquidator or other person whether appointed by the Borrower or by any Court of Law whereby such property shall or may be distributed among the Creditors of the Borrower or the Borrower suffers any charge to be created over its properties in any legal proceedings.

c) **EXTRA ORDINARY SOLUTIONS** :

If any Extra Ordinary Situation makes it unproductive that the Borrower would be able to perform its obligations under the Loan Agreement.

d) **CHANGE IN THE BORROWER'S SET-UP** :

If any change in the Borrower's set-up has taken place which, in the opinion of IREDA (which shall be final and binding on the Borrower), would adversely affect the conduct of the Borrower's business or the financial position or the efficiency of the Borrower's management or personnel or the execution of the Project.

Section 10.3 - **SUSPENSION TO CONTINUE TILL DEFAULT REMEDIED**

The right of the Borrower to make withdrawals from the loan shall continue to be suspended until IREDA have notified the Borrower that the right to make withdrawals has been restored.

Section 10.4 **TERMINATION**

In case of occurrence and continuance of any of the events described above or in Article \_\_\_ hereof or if the Borrower has not withdrawn the Loan by the date/s referred to in the Loan Agreement or such later date as may be agreed to by IREDA, then in such event, IREDA may, by notice in writing to the Borrower, terminate the right of the Borrower to make withdrawals. Upon such notice, the undrawn amount of the Loan shall stand cancelled. Notwithstanding any cancellation, suspension or termination pursuant to the aforesaid provisions, all the provisions of the Loan Agreement shall continue to be in full force and effect as herein specifically provided.

**ARTICLE XI**

**WAIVER**

Section 10 - **WAIVER NOT TO IMPAIR THE RIGHTS OF IREDA.**

No delay in exercising or omission to exercise any right, power or remedy accruing to IREDA upon any default under the Loan Agreement, security documents or any other agreement or document shall impair any such right, power or remedy or shall be construed to be a waiver thereof or any acquiescence in such default, nor shall the action or inaction of the IREDA in respect of any default or any acquiescence by it in any default, affect or impair any right, power or remedy of IREDA in respect of any other default.

**ARTICLE XII**

**MISCELLANEOUS**

Section 11.1 - **SERVICE OF NOTICE**

Any notice or request to be given or made to IREDA or to the Borrower or to any other party shall be in writing. Such notice or request shall be deemed to have been given or made when it is delivered by hand or despatched by mail or telegram/speed post to the party to which it is required to be given or made at such party's designated address.

Section 11.2 - **EVIDENCE OF DEBT**

- I) IREDA shall maintain, in accordance with its usual practice, accounts evidencing the amounts from time to time lent by and owing to them under the Loan Agreement.
- II) In any legal action or proceedings out of or in connection with the Loan Agreement the entries made in the accounts maintained pursuant to clause (a) above shall be prima facie evidence of the existence and amount of obligations of the Borrower as therein recorded.

Section 11.3 – **MAIN HEADINGS**

The headings of various Articles and Sections herein and in the Loan Agreement are inserted for convenience of reference and are not deemed to affect the construction of the relative provisions.

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