

**GENERAL DECLARATIONS AND UNDERTAKINGS**

Place: New Delhi  
Date :

M/s Indian Renewable Energy  
Development Agency Limited  
Core-4A, East Court, 1st Floor,  
India Habitat Centre, Lodi Road,  
New Delhi - 110 003

**Ref: M/s. \_\_\_\_\_ Ltd. - Loan of Rs. \_\_\_\_\_ lakhs sanctioned by  
IREDA (Project No. \_\_\_\_\_)**

Dear Sirs,

With reference to the aforesaid financial assistance granted to us by you, we, M/s.  
\_\_\_\_\_ Ltd., (the Company) having our Registered Office at  
\_\_\_\_\_ hereby give the following  
declarations and undertakings:-

I. (1) We have disclosed all facts relating to our Company to M/s Indian Renewable Energy Development Agency Ltd (IREDA).

2. We hereby declare that we have not charged/hypothecated or pledged any of our assets included in your security in favour of any of our Bankers or machinery suppliers or others and that the same are free from charges and lispends whatsoever as stipulated by IREDA. In this connection we hereby agree and undertake to furnish to you a letter from the existing charge holders on the assets of the company that they have no objection to the creation of exclusive first mortgage/hypothecation charge on the assets of the Company's properties in favour of IREDA within a period of 7 days from the date hereof. We further hereby agree and undertake to furnish to you a certificate from our Auditors to the effect that there are no encumbrances on the said Properties, within a period of 7 days from the date hereof.

3. We hereby declare that we are not carrying on any activity other than carrying on activities as per our Memorandum of Association and we shall not carry on any other trading activity without your prior written approval.

4. We declare that we can take up the project of Setting up of \_\_\_\_\_ Plant in terms of our Memorandum of Association.

5. We have paid all rents, royalties and all public demands such as income-tax, sales tax, and all other taxes and revenues payable to the Government of India or to the Government of any State or to any local authority and that at present there are no arrears of such rents, royalties, taxes and revenues due and outstanding and that no attachments or warrants have been served on us in respect of sales-tax, income-tax, Govt. Revenues and other taxes.

6. We further declare that our Board has power to borrow loan in terms of provisions of Section 293(1) (d) of the Companies Act, 1956 and the existing borrowings together with the proposed loan from IREDA are within the borrowing powers of the Company.

7. We hereby further undertake that particulars of charges as required under the Companies Act, 1956 shall be filed by us with the Registrar of Companies within seven days from the date of hereof and we shall forward to you, the certificate issued by the Registrar of Companies in that behalf immediately these are received by the Company.

8. We hereby agree, undertake and confirm that loan shall be released by IREDA and repaid by the Company in accordance with the provisions of the loan agreement and that IREDA reserves the right to accelerate repayment of IREDA's loan based upon performance/cash accruals of the company and that we shall abide by the decision of IREDA in this behalf.

9. We hereby confirm that we shall obtain NOC from the State Pollution Control Board and local bodies, if required.

10. We hereby agree and undertake that in case of any overrun in the cost of the project over and above estimated by IREDA for any reason whatsoever and/or for working capital requirements, we shall not ask you for any further loan from IREDA and the same will be arranged by our own resources or borrowing from other institution on such terms as may be acceptable to IREDA or by arranging additional equity by our promoters

and/or unsecured subordinate loan on such terms as may be acceptable to IREDA without involving any liability on the part of the IREDA.

11. We hereby agree, undertake and declare that the Company has purchased/shall purchase quality marked machinery and equipments from reputed suppliers and all the project's contracts have been/ shall be made on competitive basis.

12. We hereby agree and undertake that we shall obtain such other clearances/certificates/sanctions with reference to sanction that may be required by IREDA for smooth implementation of the project of the concern.

13. We hereby agree and undertake that we shall not start implementation of the project without obtaining IREDA's approval to design, drawings/specifications of the projects/systems proposed to be installed.

14. We hereby agree and undertake that we shall furnish quarterly progress reports and shall provide such other information on the progress of work including photographs of the project in the prescribed proforma as may be required by you.

15. We hereby agree and undertake that IREDA shall have the right through its officers/nominees to inspect at our cost the projects and books of the Company and take copies of the entries therein, wherever considered necessary.

16. We hereby agree and undertake that we shall maintain separate accounts regarding expenditure incurred out of the loan sanctioned by IREDA.

17. We hereby agree and undertake to ensure that the entire promoter, contribution as per financing plan has been subscribed to and paid up in cash.

18. We hereby agree and undertake that in case of any reduction in the project cost, IREDA shall be entitled to offset by proportionate reduction in the IREDA's term loan and the Borrower shall abide by the decisions of IREDA.

19. We hereby agree and undertake that IREDA shall have right to review the cost of the project before final disbursement of the loan. Pending completion of the review, we shall obtain prior approval of IREDA for utilising the amount of the loan equivalent to the contingency provision in the cost of the project.

20. We hereby agree and undertake that we shall submit to IREDA details of lands viz. location map, site plan, building and Plant & machinery layout showing approach road to the lands on which the project is coming up certified from a certified Engineer and shall satisfy you in this behalf.

21. We hereby agree and undertake that we shall establish title in respect of land to be mortgaged to IREDA and to comply with formalities preceding to the creation of mortgage and complete the mortgage transaction within a period of six months from the date hereof.

22. We hereby agree and undertake to furnish to you the permission under section 281 of the Income Tax Act for mortgage/ hypothecation of properties of the Company in favour of IREDA within a period of 30 days from the date hereof. In this connection we hereby further agree and undertake that in the meantime we shall furnish a certificate from our Chartered Accountant to the effect that the Company has paid all the taxes and there are no arrears of taxes due from the company, within a period of 7 days from the date hereof.

23. We hereby agree and undertake that we shall furnish copies of Orders/Agreements already entered into/to be entered into for installation/erection of the Biomass based Power Plant, with the Machinery Suppliers/Contractors.

24. We hereby agree and note that this communication should not be construed as giving rise to any binding obligation on the part of IREDA unless we have communicated to IREDA within 30 days from the date of receipt of Sanction Letter dated 00-00-20..... that the terms and conditions set out therein are acceptable to us and unless the Loan Agreement and other documents relating to the above facility are executed by us in such form as may be required by IREDA within 6 months from the date of the said Loan Sanction Letter or such further time as may be allowed by IREDA in its absolute discretion and first disbursement of loan is drawn within further period of six months (over and above the period of 6 months mentioned above).

25. We hereby agree and undertake that the moneys to be released by IREDA out of the loan will be kept in a separate No Lien Account opened with a Scheduled Bank and we shall furnish to you a No Lien Account Opening letter from the said Bank foregoing their right of set off on the monies lying in the said account.

26. We hereby agree and note that unless IREDA otherwise agrees, the right to drawal of first instalment of loan and last instalment of loan will cease on \_\_\_\_\_ and \_\_\_\_\_ respectively.

27. We hereby agree and undertake that :-

a) The Company shall keep the mortgaged and charged properties in good condition at its own cost and shall keep the same insured upto the replacement value thereof as approved by the IREDA (including Surveyor's fee) the properties charged/ to be charged to IREDA and such of its other properties as are of an insurable nature against fire, theft, lightening, explosion, storm, tempest, flood, earthquake, riot, strike, civil commotion, erection 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 Company and IREDA and any other person or institution having an insurable interest in the properties of the Company and acceptable to IREDA. The Company shall keep deposited with IREDA, the Insurance Policies and renewals thereof.

b) In the event of failure on the part of the Company 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.



a) Loss or damage by uncovered risks:

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

28. We hereby agree and undertake that loan shall be utilised for the purpose for which it has been sanctioned. Failure to comply with any of the terms of the loan will empower IREDA to recall the outstanding loan and other dues forthwith.

29. We hereby agree, note and confirm that IREDA will have the right to call for additional information /documents or take its own decision on quantum of finance depending on circumstances prevailing at the time of disbursement.

30. We hereby note and agree that IREDA reserves the right to review/revoke the sanction of loan to our Company and withhold the disbursement of loan and in case the loan has already been disbursed, to recall the loan in the event of subsequent developments coming to the notice of IREDA which may materially affect the financial health of the Company/Project and we shall be bound by the decision of IREDA in this behalf.

31. We hereby agree and undertake that we shall not cancel the post dated cheques deposited with IREDA and shall not close the Bank A/c on which post dated cheques have been issued and shall not give instructions for stop payment of the cheques(s) or give any contrary instructions for presentation of cheques nor change mode of operation of Bank A/c on which post dated cheques have been issued during the currency of IREDA loan.

32. We hereby declare and confirm that the Company has acquired land required for the project.

33. We hereby agree, note, confirm, declare and undertake as under:-

- i) The Company shall take all necessary safeguards to ensure sufficient availability of Biomass to Power plant to the satisfaction of IREDA.
- ii) The Company shall enter into a firm contract/commitment with the Biomass suppliers for the supply of Biomass fuels and shall submit copies of the same to IREDA ,to the satisfaction of IREDA.
- iii) In case any subsidy/Loan is sanctioned by any other Financial Institution/Bank/Government Agency/State(or)Central Government to the Company, over and above the approved means of finance, IREDA's loan will be reduced accordingly and the Company shall abide by the decision of IREDA.

- iv) The Company shall take necessary steps and safeguards for smooth implementation and operation of Biomass Plant, to the satisfaction of IREDA.
- v) In case, the power is sold to APTRANSCO, the Company shall obtain a letter/confirmation from the APTRANSCO duly countersigned by the Company that as and when requested by IREDA, APTRANSCO shall make all amounts payable in respect of the power purchased, directly to IREDA and the Company shall not raise any objection thereto.
- vi) The Company shall seek prior approval in writing from IREDA, if the Company proposes to sell the power to third party.
- vii) In case, there is no provision for opening of Escrow Account/LC by APTRANSCO, the Company shall open a separate Account wherein all the payments from APTRANSCO/Third party/Sister concern shall be received/be deposited and IREDA shall have a first charge on the said Account and the Company shall abide by the decision of IREDA. The Company shall obtain suitable letters from APTRANSCO/third party/sister concern and the Bank to give effect to this arrangement.
- viii) The Company agrees and undertakes to IREDA that the proposed project at any time shall not deprive of income generation of rural people in the region to the satisfaction of IREDA.
- ix) The Company shall submit copies of performance guarantees received from the supplier for all the major, critical and high value equipments, to the satisfaction of IREDA.
- x) The Company shall induct competent Technical, Financial, Project Management Personnel for implementation as well as smooth operation and maintenance of the power plant to the satisfaction of IREDA.
- xi) The Company agrees and notes that the loan for margin money for obtaining Bank Guarantee with Scheduled Bank upto 100% of amount involved in procuring Bank Guarantee is included in the project cost and shall be shared with the Company. The loan for deposit of margin money will be released by IREDA directly in favour of Bank after the Company has deposited its share with the Bank. In case the margin money for Bank Guarantee is reduced, the project cost and IREDA loan amount shall be reduced accordingly and the Company shall not raise any objections thereto. The Company further agrees that in case Bank providing Bank Guarantee, gives/pays higher rate of interest than as applicable to the loan, the Company shall pay such higher rate of interest to IREDA on the loan for margin money i.e., whichever is higher of the two rates of interest.
- xii) The Company shall obtain all requisite approvals from/enter into Agreements with State/Central Governments and Government Agencies and shall submit copies of the approvals so obtained to IREDA, to the satisfaction of IREDA.



- xiii) The Company agrees and undertakes that to furnish an authenticated copy of permission of State Government or other Government Departments including APTRANSCO, if any required, for implementation of the project.
- xiv) The Company shall obtain requisite approvals/No Objection Certificates/enter into agreements for implementation of the project from/with State and Central Government Agencies, particularly APTRANSCO, State Pollution and Environment Control Board and local bodies and furnish copies of the same to IREDA.
- xv) The Company agrees and undertakes that the promoters of the Company and/or the Company shall bring in an amount of Rs. 613.00 Lakhs as promoter's contribution or any such higher amount required to meet any shortfall if it arises to meet the cost of the Project as per Means of Finance and/or for working capital requirements. The Company agrees and undertakes that it shall increase its authorised share capital, if required.
- xvi) The Company shall implement the project within the projected time schedule and within the overall cost of Rs. 2440.00 Lakhs, in accordance with the financing plan as approved by IREDA. Cost overrun, if any, shall not be borne by IREDA and the Company and/or its promoters will have to arrange of their own.
- xvii) The Company shall furnish a detailed schedule of implementation of the project to IREDA to the satisfaction of IREDA.
- xviii) The Company shall furnish copy of plan / map for the land/project site, to IREDA.
- xix) The Company agrees and undertakes to affix plate on the Lands, Buildings, Machinery and Equipments, mortgaged charged and hypothecated/ to be charged and hypothecated to IREDA and other Financial Institutions, the said Land, Buildings, Equipments and Machinery are mortgaged/charged/ hypothecated to IREDA, so long as IREDA's loan subsists and shall satisfy IREDA about its compliance by producing photographs of the Machines and Equipments with plate affixed thereon at regular intervals.
- xx) The Company shall make arrangements for erection and commissioning of the Biomass Based Power Project to the satisfaction of IREDA.
- xxi) The Company shall at its own cost keep the mortgaged/charged property in good condition and shall keep the same insured in the joint names of the Company and IREDA with usual bank clause covering all risks as per industry's norms as mentioned in the Loan Agreement and shall deposit original insurance policies with IREDA. The Company shall undertake to get the insurance policies renewed every year during the currency of loan, well before the expiry of Insurance policies.

- xxii) The Company shall obtain the project clearance for the Project from APTRANSCO and/or State Government.
- xxiii) The Company agrees and undertakes that the Company shall not change its present constitution in any way and the Company shall not go for merger/demerger/amalgamation and/or any scheme of arrangement without the previous consent of IREDA in writing and IREDA shall have right to refuse/impose such conditions as it may consider essential.
- xxiv) The Company agrees and undertakes that IREDA's loan will be utilised only for the project approved by IREDA and to meet the eligible cost of expenditure and materials and for no other purposes whatsoever.
- xxv) The Company agrees and undertakes to pay to IREDA the inspection and legal charges etc., incurred in connection with the project from time-to-time.
- xxvi) The Company agrees and undertakes not to change supplier(s) of machinery(ies) as already approved by IREDA, without previous consent of IREDA in writing.
- xxvii) The Company agrees and undertakes to furnish two copies of its Annual Reports every year to IREDA during the currency of IREDA's loan.
- xxviii) The Company agrees and undertakes that the scope of the project beyond the quantity design, and specifications approved by IREDA shall not be changed without the approval of IREDA in writing.
- xxix) The Company agrees, confirms and undertakes that it shall ensure satisfactory compliance of Y2K (Year 2000 compliance) so far as the same is applicable to systems/computers/equipment/devices being used/to be used by it at its offices/factories/units/projects with a view to ensuring that there is no snag or impediment in the smooth operation of Computers, data logging systems, instrumentation systems, recording devices and database operations and further are no business disruptions on account of Y2K deficiency shall take up these issue with the vendors/manufacturers and shall send compliance/confirmation report to the satisfaction of IREDA. The Company further agrees/confirm and undertakes to carry out Y2K prescribed tests at all levels of date dependent computers and microchips based operations. In the mean time, the Company is requested to forward to IREDA, status report and other details about Y2K compliance and details of hardware, etc., as per the prescribed proforma (enclosed). These proformae duly filled in and signed by the authorised signatory will need to be sent to IREDA while forwarding your acceptance to the terms and conditions of the loan/other facilities.

- xxx) The Company agrees and undertakes to use and utilise the project loan money solely for the project and for no other purposes. The Company shall not, without the prior permission of IREDA invest any part of the loan money advanced by way of deposits, loans, share capitals or otherwise in any concern. The Company agrees, undertakes and confirms that in case it is found that the Company has not utilised the loan for the purposes for which it has been advanced and/or has misutilised the loan, the Company shall refund/reimburse the loan amount with interest at the rate of 16.00% p.a. without rebate plus interest tax at the applicable rate plus liquidated damages to IREDA and the Company shall abide by the decision of IREDA in this behalf.
- xxxii) The Company shall ensure as far as feasible at that least 25 trees are planted at project site and in the neighbourhood.
- xxxiii) The Company agrees and undertakes that it shall not start implementation of the Project without obtaining IREDA's approval to designs/drawings/specifications of the Project proposed to be put up. The Company agrees and undertakes that it shall furnish quarterly progress report(s) and provide other information on the progress of the work/project including photography of the Project.
- xxxiiii) The Company agrees and declares that the Company does not belong to any Group in the country going by the principle of commonality of Management and Effective Control by other Companies.

34. We hereby agrees and undertakes that the disbursement of loan would be on compliance of following:-

- i) Complete legal documentation including creation of security.
- ii) Furnishing of certificate from Company's Auditors showing the item-wise expenses incurred on the project and amount already invested in the project and means of finance for the same with reference to approved component of project costs/sources of funds.
- iii) Compliance of terms and conditions indicated in the Loan Sanction Letter.
- iv) Application for obtaining electrical connection has been tendered to the Electric Utility for the project and necessary security deposit has been paid for the said purposes.
- v) IREDA has approved Power Purchase Agreement to be entered into between the Company and the APTRANSCO and/or third party(ies) and/or Sister Concern to whom power is proposed to be sold to the satisfaction of IREDA.
- vi) Project Clearance has been received from State Government and/or APTRANSCO to the satisfaction of IREDA.

- vii) The Company shall enter into with Power Purchase Agreement with APTRANSCO and shall submit a copy of the said PPA to IREDA before drawal of first instalment of loan and the Company shall abide by the decision of IREDA.

- viii) The Company shall finalise Supplier/EPC Contractor for critical items and shall submit copies of Contract documents to IREDA prior to release of first disbursement of loan to the satisfaction of IREDA.
- ix) The Company shall tie-up the promoters contribution as envisaged under Means of Finance, in full and shall submit evidence to the satisfaction of IREDA prior to release of first instalment of loan.
- x) The Company shall obtain consent/approval/clearance complete in all respects from A.P. Pollution Control Board before drawal of first instalment of loan to the satisfaction of IREDA and the Company shall abide by the decision of IREDA.

35. The Company hereby agrees and undertakes to forward to IREDA within 15 days after approval by shareholders Annual Reports of the Company and also shall forward to IREDA quarterly unaudited results if finalised by the Company as soon as they are out and published in the news papers. The Company 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 Company 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.

36. We hereby agree and undertake as follows:-

- i) we shall procure and furnish to IREDA personal/corporate guarantee(s) in your prescribed form by a) Shri \_\_\_\_\_ b) Shri \_\_\_\_\_ c) Shri \_\_\_\_\_ and d) M/s. \_\_\_\_\_ Ltd. uaranteeing the repayment of the loan and payment of interest of other moneys thereon within a period of 15 days from the date hereof.
- ii) we shall procure undertakings for (1) meeting the shortfall in completing the project and/or for working capital requirements and (2) for non-disposal/pledge of share holdings held in the Company from a) Shri \_\_\_\_\_ b) Shri \_\_\_\_\_ c) Shri \_\_\_\_\_ and d) M/s. \_\_\_\_\_ Ltd. and 3) undertaking from wholetime Director from a) Shri \_\_\_\_\_ b) Shri \_\_\_\_\_ and c) Shri \_\_\_\_\_, within a period of 15 days from the date hereof and
- iii) such other undertakings as may be required by IREDA within a period of 15 days from the date hereof from a) Shri \_\_\_\_\_ b) Shri \_\_\_\_\_ c) Shri \_\_\_\_\_ and d) M/s. \_\_\_\_\_ Ltd. Promoters/Directors of the Company.

37. We hereby agree and undertake that we shall furnish Pledge of shares held/to be held by the Promoters/Promoter Companies in the share capital of the Borrower. The Borrower shall undertake to note IREDA's lien as and by way of pledge of shares as and when pledge is created by the promoters and shall inform IREDA within 7 days from the date of creation of pledge to the satisfaction of IREDA.

38. We hereby agree and undertake that we shall furnish Irrevocable Bank Guarantee from Scheduled Bank/FDRs with Scheduled Bank for an amount equivalent to 10% of IREDA's loan i.e., Rs. \_\_\_\_\_ lakhs for the Project and that the Bank Guarantee shall remain in force until the entire Loan has been repaid in full. The FDRs can initially be for a period of three years with a proviso that on the expiry of initial period of three years, the FDRs unless intimated otherwise will stand automatically renewed for a further period of three years until expiry of repayment period of IREDA's loan to the satisfaction of IREDA.

39. We hereby agree and undertake that we shall furnish First charge on LC/Escrow Account/Special Bank Account to be opened for receipt of APTRANSCO and/or third party(ies) and/or Sister Concern payments to the satisfaction of IREDA.

40. We shall comply with terms and conditions of the loan as are contained in the Sanction Letter No.221/\_\_\_\_/\_\_\_\_/\_\_\_\_/IREDA/\_\_\_\_ dated 00-00-20... as amended from time to time.

II. We hereby agree and confirm that any breach of the above undertakings shall tantamount to be the breach of the terms and conditions of the loan and you shall be at liberty to take such action against us including withholding of the balance loan/ recalling the loan as you may deem fit.

Yours faithfully,  
for and on behalf of  
M/s. \_\_\_\_\_ Ltd.

Director

