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**LEGAL DUE DILIGENCE REPORT**

**ON**

**A B RENEWABLE ENERGY PRIVATE LIMITED**  
**(“Company”)**

DATED - JULY 13, 2018

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## I. GLOSSARY

Act	Companies Act, 2013 and Companies Act, 1956 (to the extent applicable)
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AoA	Articles of Association
AY	Assessment Year
AGM	Annual General Meeting
BG	Bank Guarantee
BM	Board Meeting
CCDs	Compulsorily Convertible Debentures
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
CO <sub>2</sub>	Carbon di oxide
Company	A B Renewable Energy Private Limited
CST	Central Sales Tax
CTC	Certified True Copy
DC	Direct Current
DISCOMs	Distribution Companies
EGM	Extraordinary General Meeting
EA 2003	Electricity Act, 2003
EPC	Engineering Procurement and Construction Agreement
ER 2005	Electricity Rules, 2005
EIA	Environment Impact Assessment Notification issued in 2006
EPA	Environment (Protection) Act, 1986
Factories Act	Factories Act, 1948
FY	Financial year
GST	Goods and Services Tax as per the Central Goods and Services Act, 2017
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
IEM	Industrial Entrepreneur Memorandum
INR	Indian Rupees
ITR	Income Tax Return
kV	Kilovolts
MCA	Ministry of Corporate Affairs
MoA	Memorandum of Association
MoU	Memorandum of Understanding
MW	Megawatts
NOC	No Objection Certificate
O&M	Operation and Maintenance Agreement
PAN	Permanent Account Number
PPA	Power Purchase Agreement

PR	Performance Ratio
PV Plant	Photovoltaic Plant
RBI	Reserve Bank of India
RoC	Registrar of Companies
REC	Renewable Energy Certificates
Report	Legal Due Diligence Report on A B Renewable Energy Private Limited
Rs	Rupees
SS-I	Secretarial Standards on Meetings of Board of Directors
SS-II	Secretarial Standards on General Meetings
SSHA	Subscription cum Shareholding Agreement executed amongst the Company, VTCL, Mr. Faizaan Dalal and Ms. Nafisa Dalal
STU	State Transmission Utility
TAN	Tax Account Deduction Number
TIN	Tax Information Network
Trade Union Act	Trade Unions Act , 1926
UNFCCC	United Nations Framework Convention on Climate Change
UERC	Uttarakhand Electricity Regulatory Commission
UPCL	Uttarakhand Power Corporation Limited
UREDA	Uttarakhand Renewable Energy Development Agency
VAT	Value Added Tax
Water Act	Water (Prevention and Control of Pollution) Act, 1974
Water Cess Act	Water (Prevention and Control of Pollution) Cess Act, 1977

## **II. DISCLAIMER**

- 1. For the purpose of preparing this Report,**
  - (a) We have relied exclusively upon the information/documents supplied by the Company as well as the verbal confirmations and responses received from officers of the Company and some additional materials provided to us in response to our requisition list;**
  - (b) We have conducted online search on the website of Ministry of Corporate Affairs (“MCA”) for inspection of Registrar of Companies (“RoC”) filings of the Company.**
- 2. We cannot confirm whether any information and/or document(s) other than those upon which this Report is based, or which are referred to herein, exists.**
- 3. We have assumed that the information and/or documents given to us is/are authorised, genuine, accurate and exhaustive.**
- 4. The scope of our due diligence has been limited in accordance with the instructions of Sindicatum Renewable Energy Company PTE Limited and is solely for their purposes.**
- 5. For all references to the Company providing or confirming any issue, refer to discussions on such issue by us with the management of the Company.**
- 6. This Report is solely for the benefit of Sindicatum Renewable Energy Company PTE Limited or any other investment vehicle to be used by Sindicatum Renewable Energy Company PTE Limited and not for any other party.**

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### **III. PROLOGUE**

#### **1. MANDATE**

We have been appointed as legal advisors by Sindicatum Renewable Energy Company PTE Limited (“**Investor**”), for the proposed investment by the Investor or any other investment vehicle to be used by the Investor, into A B Renewable Energy Private Limited (“**Company**”). Company has set up a 5 MW power plant in the state of Uttarakhand.

In light of this, the Investor wishes to assess the compliances of the Company from an Indian legal and regulatory perspective through a legal due diligence process and has, for this purpose, engaged our services.

#### **2. MODUS OPERANDI FOR THE DUE DILIGENCE**

This Report is based on the information, documents and data furnished to us until July 9, 2018 and few documents in relation to the statutory filings by the Company available in the public domain as obtained during an online search conducted at the official website of the Ministry of Corporate Affairs, Government of India (“**MCA**”) until July 1, 2018, for the last seven years.

This Report focuses on the broad issues that reflect the conduct of the Company and certain issues that should be kept in mind for the purpose of the proposed investment as mentioned hereinabove.

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## **IV. PURPOSE, SCOPE AND ASSUMPTIONS**

### **1. Purpose of the Due Diligence Report (“Report”)**

- 1.1 The Report has been prepared by DSNR Legal Advocates and Solicitors (“**we or us**”) in accordance with the instructions from the Investor; which is a company based in Singapore. The purpose of conducting due diligence is to ascertain the assets, liabilities and key risks associated with the transfer of securities of the Company, with respect to the applicable laws of India and to further ascertain the laws applicable to the Company pursuant to such transfer (“**Purpose**”).
- 1.2 The Investor proposes to acquire 100% stake in the Company (“**Transaction**”/ “**Proposed Acquisition**”). The Report has been prepared for, and is solely addressed to, the Investor.
- 1.3 The Report has been prepared solely in relation to the Purpose. The Report may not be used or relied upon for any purpose other than the Purpose and should be read only in the context of the Purpose.
- 1.4 Except as provided for in section 2 below, we do not accept a duty of care to any person other than the Investor in respect of the Report, any of the matters contained in it, or any related enquiries.
- 1.5 This Report maybe disclosed to, and relied on by the Investor and any affiliate of the Investor. This Report may not be copied, distributed to, or relied upon by (nor is any responsibility accepted to) any other person without our prior written agreement.
- 1.6 Any person who, having obtained our written agreement as described in 1.5 above, has received copies of or seek to rely upon the Report should note that the Report has been prepared at the request of the Investor and accordingly focuses on those areas that the Investor has instructed us to address. Any such persons may have needs and purposes different and distinct from the needs and purposes of the Investor.
- 1.7 The Report is not and should not be relied upon as being a comprehensive or formal legal opinion as to the matters referred to in it. It has been prepared as a general review by us of the information provided and should not be treated as a substitute for specific legal advice concerning individual situations or concerns. The Report does not purport to be all inclusive nor does it purport to summarise any or all information and issues that may be material to the Company nor that any person may desire in relation to the Company.

- 1.8 The Report has been prepared solely on the basis of the review and (save for the searches which as on the date on which they were carried out) reflects the position made known to us since the commencement of the due diligence exercise.
- 1.9 We have limited the review to a factual analysis of the Company's existing arrangements and its status and how the Transaction will have an impact on them.
- 1.10 The Report does not address or purport to address all issues which might be prejudicial to the Investor in the context of the Transaction. We understand that additional due diligence has been undertaken by certain other of the Investor's advisers, for instance, in relation to the tax due diligence and technical due diligence of the Company. The results of these due diligence exercises do not appear, and are not commented on, in this Report.
- 1.11 The contents of this Report may be modified in supplemental reports in the course of ongoing legal advice on the Transaction.
- 1.12 This Report is not intended to act as a recommendation to any potential purchaser to proceed with the Transaction. Whether or not to proceed with the Transaction is a commercial decision for any potential purchaser to reach.

## **2. Scope of the Review**

- 2.1 The review and the Report are based solely on the information provided by the Company.
- 2.2 The Report sets out certain legal issues which arise under Indian laws and which we, in our absolute discretion in carrying out the review, consider may be material in the context of the Transaction and which are not primarily the responsibility of another party.
- 2.3 In accordance with the Investor's instructions, we have limited the review to identifying issues material to the Transaction in the following areas:

### **➤ Corporate Details**

This chapter sets out the general introduction and review of the status of compliances under Companies Act, 2013 and Companies Act, 1956 (to the extent applicable) (Companies Act, 2013 and Companies Act, 1956, together "Companies Act") of the Company and general introduction and review of the compliances under Companies Act.

### **➤ Loans, Borrowings & Charges**



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This chapter includes review of the loans, borrowings and charges, pertaining to the Company.

➤ **Statutory Approvals & Licenses**

This chapter contains a review of approvals/consents/licenses required by the Company. The said chapter also includes a review of environmental regulatory issues and compliances with the provisions of environmental laws like Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974, Environment (Protection) Act, 1986, Hazardous Waste (Management and Handling) Rules, 1989 etc.

➤ **Material Contracts**

This chapter includes review of the material contracts entered into by the Company.

➤ **Personnel & Labour Law compliance**

This chapter would include review of compliances with all applicable labour/service statutes with respect to the employees of the Company.

➤ **Real Properties**

This chapter contains a review of, *inter alia*, lease / license deeds of real properties of the Company.

➤ **Intellectual Properties**

This chapter would include the details of intellectual properties owned by the Company and review of documents determining the ownership of the intellectual property.

➤ **Insurance**

This chapter would include review of insurance policies obtained by the Company.

➤ **Litigation**

Review of status of pending cases filed by or against the Company.

➤ **Income Tax**

Details of income-tax returns filed by the company

- 2.4 Furthermore, in accordance with the Investor's instructions, we have specifically excluded the following areas from the review: tax, accounting and financial matters.
- 2.5 Save where indicated in the Report, we have not carried out any independent verification of the information. Accordingly, there can be no assurance that the information is complete in all respects or that there is no other material information relating to the Company. No warranty or representation is given by us as to the accuracy or completeness of the information.
- 2.6 We have not carried out a physical inspection of any of the properties or the power plants in connection with the Transaction and we have not given any opinion or advice on the valuation, state, or condition of any of the above mentioned properties or the power plants.

### **3. Assumptions**

- 3.1 The Report has been prepared on the basis of the following assumptions:
- (a) that the persons to whom we directed the enquiries were competent to answer our questions and that there were no other persons to whom we should have directed questions or with whom we should have made enquiries in relation to these questions;
  - (b) that all copy documents furnished to us and examined by us are true and (unless otherwise indicated) complete and up to date copies of the originals of such documents and that all signatures and company seals are genuine;
  - (c) that any of the documents that are entered into, executed and/or issued by or on behalf of the parties thereto and reviewed by us were duly authorized, validly executed by such parties, were binding on them in accordance with their terms, were in full force and effect and have not been terminated or amended without us being made aware of and that no party to such documents has breached or threatened to breach any of the terms of such documents.

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## **CHAPTERS**

### **CHAPTER A          CORPORATE DETAILS**

#### **A.1      Brief history & business**

The Company was incorporated on December 24, 2011 as a private company limited by shares, in the name of 'A B Renewable Energy Private Limited' under the Companies Act, 1956 with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identity Number of the Company is U40300MH2011PTC225392.

#### **A.2      Registered Office**

The registered office of the Company is located at A/502, Kanakia Zillion, BKC Annexe, LBS Marg, CST Road, Kurla West, Mumbai – 400070, Maharashtra, India.

As per the RoC search conducted, details of change in registered office of the Company are as below:

<b>S. No.</b>	<b>Date of change</b>	<b>Changed to</b>	<b>Statutory Compliances</b>
<b>1.</b>	At incorporation	Industrial Assurance Bldg., 3rd Floor, Churchgate, Mumbai - 400020, Maharashtra, India	Board Resolution Form 18
<b>2.</b>	January 13, 2017	A/502, Kanakia Zillion, BKC Annexe, LBS Marg, CST Road, Kurla West, Mumbai – 400070, Maharashtra, India	Board Resolution Form INC-22

#### **DSNR Note:**

Company has not provided (i) the board resolutions for approving the situation and change of the registered office; and (ii) Form 18 for the situation of the registered office at incorporation.

### A.3 Memorandum of Association

The main object clause of the Memorandum of Association (MoA) determines the scope of activities which a company can undertake legally. Any activity(ies) of the company not provided in the MoA shall be held as ultra vires.

The main objects of the Company as provided in its MoA are stated as under:

- 1. To manufacture, Import, export, lease, licence, buy, sell, give consultancy and deal in components, modules, cells, accessories and other material relating to the field renewable and non- conventional energy sources.*
- 2. To carry on the business in India and abroad to design, engineer, manufacture, fabricate, sell, give on lease, maintain and service products of all kind and description of energy products and renewable energy such as solar, wind, tidal, bio-mass, bagasse, municipal waste all kinds of electrical and electronic goods biotech equipments, product apparatus, material, components, parts and things .*
- 3. To engage in the business as procurers, generators, suppliers, distributors, transformers, converters, transmitters, producers, manufacturer, processors, developers, stores, carrier, dealer, importers and exporters of Electricity generated by all kinds of non conventional energy sources included but not limited to solar wind, hydro, bagasse, bio-mass, wastes , tidal, wave, geothermal, biological and allied business and any products or by-products derived from any such generation, transmission , distribution ( including but not limited to steam) and any products derived from, or connected with any other form of energy.*

**DSNR Note:**

Based on the confirmations of the Company, the Company has not been engaged in any other activity apart from generating electricity from its solar power plant and, more specifically, it has not been engaged in any activity in relation to the first two (2) objects. Accordingly, we understand that the Company has not conducted or pursued any business operations in relation to the first two objects mentioned under the MoA. However, it is to be noted that the first two objects deal with sectors which may attract additional FDI norms in relation to the Proposed Acquisition of the Company and, hence, it is advisable to amend the MoA for purpose of removing the first two objects.

## A.4 Articles of Association

The Articles of Association (AoA) of the Company contains provisions as applicable to a private company.

### DSNR Note:

1. Although the Company is a private limited company in terms of its AoA it must be noted that, w.e.f September 8, 2016, it is deemed to be a public company as per the Companies Act, 2013 (Act) as it became a subsidiary of a public company (i.e. subsidiary of Vishal Techno Commerce Limited (VTCL) from such date. Accordingly, compliances of a public company may be attracted including, without limitation, minimum requirement of three (3) directors, rotation of directors and minimum requirement of seven (7) members). However, it may be noted that based on the confirmation of the Company, before the Proposed Acquisition, (i) the CCDs which are allotted to Mr. Faizaan Dalal and Ms. Nafisa Dalal will be converted into equity shares ((i) referred to as “Internal Conversion”) and (ii) Mr. Faizaan Dalal and Ms. Nafisa Dalal will purchase the shares held by VTCL ((ii) referred to as “Internal Transfer”). Accordingly, on the earlier occurrence of either (a) Internal Conversion, (b) Internal Transfer or (b) Proposed Acquisition, the Company will become a private company for purposes of the Act.

2. The present AoA was adopted on March 3, 2017 (form filed, Form MGT-14). Based on the previous AoA which was last amended on November 29, 2016 (form filed, Form MGT-14), we understand that the same was not in the form prescribed under section 5 of the Companies Act, 2013 but instead it was in the form prescribed under section 28 of Companies Act, 1956. However, as per section 5 of the Companies Act, 2013, the prescribed form under the aforesaid section should have been adhered to from the date of its amendment in November 29, 2016.

## A.5 Board of Directors and Management

The composition of the Board of Directors of the Company as on the date of this Report, as per the MCA records, is as follows:

S. No.	Director	Designation	DIN	Date of appointment
1.	Shahzaad Siraj Dalal	Director	00011375	13/02/2017

2.	*Nafisa Shahzaad Dalal	Director	02143231	11/08/2016
3.	*Faizaan Shahzaad Dalal	Director	02687406	11/08/2016

In this regard, the Company has filed the requisite Forms DIR-12 evidencing the appointment of all the above mentioned Directors with the Registrar of Companies.

**DSNR Note:**

1. The 'Disclosure of Interest' form, i.e. Form MBP-1 for Mr. Faizaan Dalal and Ms. Nafisa Dalal are not in the prescribed format.
2. Mr. Faizaan Dalal and Ms. Nafisa Dalal were appointed as Additional Directors on August 11, 2016. As per Section 161 of the Companies Act, 2013 (erstwhile section 260 of the Companies Act, 1956), additional directors can be only appointed upto the next annual general meeting. However, in the instant matter, the appointment of Mr. Faizaan Dalal and Ms. Nafisa Dalal were not regularized in their 4<sup>th</sup> AGM which was held on September 30, 2016 but a year later in their 5<sup>th</sup> AGM held on September 25, 2017 along with regularization of Mr. Shahzaad Siraj Dalal, as per the relevant Form DIR 12 and CTC of shareholder resolution for regularization (dated September 25, 2017). This is a significant non-compliance on the part of the Company. Accordingly, it may be further noted that during the period between their 4<sup>th</sup> AGM (dated September 30, 2016) and 5<sup>th</sup> AGM (dated September 25, 2017) the only director duly appointed was Mr. Shahzaad Dalal. This may affect all the board meetings held during the aforesaid period on the grounds of a lack of quorum.

## **A.6 Capital Structure**

### Authorized Share Capital

The authorized share capital of the Company, as on the date of this Report is Rs. 4,50,00,000.00 divided into 45,00,000 Equity Shares of Rs. 10 each.

### Issued & Subscribed share capital

The issued and subscribed share capital of the Company, as on the date of this Report is, Rs.1,96,000.00 divided into 19,600 equity shares of Rs. 10 each.

At the time of incorporation, the Company was required to file the requisite Form 1, (the prescribed form for the application or declaration of incorporation of a company, wherein the

details of share capital at the time of incorporation is recorded) with the Registrar of Companies, Mumbai, Maharashtra.

#### A.7 Evolution of Share Capital and its requisite compliances

S. No.	Date of change	To (Rs.)	Statutory filings and Compliance details
1.	At the time of incorporation	1,00,000	<ul style="list-style-type: none"> <li>• **Form 1 along with applicable stamp duty.</li> </ul>
2.	03/03/2017	4,50,00,000	<ul style="list-style-type: none"> <li>• Form SH-7</li> <li>• Form MGT- 14</li> <li>• Ordinary resolution passed for increase in authorised share capital of the Company.*</li> <li>• Ordinary resolution passed for altering MoA to reflect the change in authorised share capital of the Company.*</li> <li>• Altered MoA.</li> <li>• Special resolution passed for altering AoA (by way of adoption of new set of articles) inter-alia to reflect that the authorised capital shall be as provided in clause V of the MoA.</li> <li>• Altered AoA.</li> </ul>

#### DSNR Note:

1.\* Based on the previous AoA which was last amended on November 29, 2016, we understand that the same does not expressly allow the Company to increase the authorized capital in a general meeting in terms of Section 61 of the Companies Act, 2013 (erstwhile 94 of the Companies Act, 1956). Accordingly, the shareholder resolution(s) for increase in authorized share capital and amendment of MoA which were passed as ordinary resolution(s) should have been passed as special resolution(s). This is a significant non-compliance on the part of the Company.

2. \*\*We have not received a copy of Form 1 from the Company.

#### A.8 Shareholding Pattern (and CCD holding pattern)

##### Equity Shareholding

The current shareholding pattern of the Company, as per the MCA records, is as follows:

S. No.	Name	Number of Shares (face value of Rs. 10)
1.	M/s. Vishal Techno Commerce Limited (VTCL)  (9,999 shares held by VTCL directly and 1 share held by Mr. Faizaan Dalal as a nominee of VTCL*)	10,000
2.	Ms. Nafisa Dalal	4,800
3.	Mr. Faizaan Dalal	4,800

The first subscribers to the MoA of the Company are Vishwajit Dahanukar (9,900 shares) and Yeshwant Jambotkar (100 shares). The Company was required to file the requisite Form 1, specifying the first subscribers, with the Registrar of Companies, Mumbai, Maharashtra, in this regard.

\*\*CCD holding

S. No.	Name	Number of CCDs (face value of Rs. 30)
1.	Ms. Nafisa Dalal	22,16,667
2.	Mr. Faizaan Dalal	22,16,667

**DSNR Note:**

1. \*The Company has filed Form MGT 6 in respect of the one (1) share held by Mr. Faizaan Dalal on behalf of VTCL as a nominee of VTCL. If the shares of VTCL are not purchased by Mr. Faizaan Dalal and Ms. Nafisa Dalal (as required to be undertaken in terms of the AoA upon completion of 1 year from the date of supply of power) before the Proposed Acquisition, the one (1) share held by Mr. Faizaan Dalal on behalf of VTCL as a nominee of VTCL should be transferred to VTCL such that VTCL becomes the beneficial as well as the legal owner of the aforesaid one (1) share, as a condition precedent to the Proposed Acquisition.

2. \*\*The Company has issued Compulsorily Convertible Debentures (CCDs) to its directors Ms. Nafisa Dalal and Mr. Faizaan Dalal in March, 2017. The aforesaid directors need to furnish declarations as per the Companies (Acceptance of Deposit) Rules, 2014 in order to



ensure that such CCDs are not treated as ‘deposits’ under the Act. Otherwise, further provisions of the Act in relation to deposits may be attracted. Such declarations have not been provided. However, the Company has confirmed that they will be providing us the appropriate declarations in this regard.

**\*\*Based on the CTC of board resolution dated January 19, 2018, the interest rate (coupon rate) of the CCDs was increased from 0.01% to 10.00% (w.e.f. April 01, 2017). However, it may be noted that under the statutory compliance documents in this regard including, without limitation, Form PAS – 4 and the Special Resolution dated March 03, 2017, the interest rate (coupon rate) of the CCDs was 0.01%. Accordingly, it is advisable for the shareholders of the Company (including, without limitation, Ms. Nafisa Dalal and Mr. Faizaan Dalal) to approve the increase in the interest rate (coupon rate) of the CCDs from 0.01% to 10.00% (w.e.f. April 01, 2017) by way of a special resolution. The Company has confirmed that they are in the process of undertaking the procedure for the approval via special resolution in this regard.**

Further, it may be noted that under the terms of the CCD offer (as mentioned under the private placement documents including, without limitation, Form PAS – 4 and the Special Resolution dated March 03, 2017, the CCDs include conversion of ‘outstanding loans’ (from Ms. Nafisa Dalal and Mr. Faizaan Dalal) into CCDs. Accordingly, we understand that the aforesaid ‘outstanding loans’ (from Ms. Nafisa Dalal and Mr. Faizaan Dalal) were brought under the purview of CCDs from the date of the issuance of CCDs and private placement procedure (especially under sections 42 and 62 under Act) for the ‘outstanding loans’ was not followed at the time of the raising of such loan (from Ms. Nafisa Dalal and Mr. Faizaan Dalal). In our view, such a retrospective compliance of private placement procedure in respect of the aforesaid loan (by being included under the CCDs) is a non-compliance of private placement procedure (especially under sections 42 and 62 under Act). In addition, we are unable to determine the exact figure of the ‘outstanding loan’ amount as the given documents do not state any information in respect of the same.

As per the terms of the CCDs, the same shall be convertible by the Company within 30 days from the completion of 1 (one) year from the commencement of the Company providing solar energy to UPCL. The Company has informed that the Company has initiated the conversion process of the CCDs.

### A.9 Evolution of Allotment and Transfer of Share Capital of Company and its requisite compliances

S. No.	Date of Allotment / Transfer	Number of Shares	Name and details of Transferor	Name and details of Allottees/ Transferees	Face Value per Share (Rs.)	Premium per Share (Rs.)	Total amount for which Shares Allotted/ Transfer red (Rs.)	Statutory filings and Compliance details
1.	At the time of incorporation	10,000	N/A	Yeshwant Jambotkar (100 shares)  Vishwajit Dahanukar (9900 shares)	10	-	1,00,000	<ul style="list-style-type: none"> <li>Subscription to the MoA</li> <li>***Form 1</li> </ul>
2.	On 02/08/2016*	99	Yeshwant Jambotkar	VTCL	10	-	990	<ul style="list-style-type: none"> <li>Form SH-4</li> <li>***Board Resolution for recording transfer</li> </ul>
3.	On 02/08/2016*	01	Yeshwant Jambotkar	Mr. Faizaan Dalal (Nominee of VTCL)	10	-	10	<ul style="list-style-type: none"> <li>Form SH-4</li> <li>***Board Resolution for recording transfer</li> </ul>
4.	On 08/09/2016*	9,900	Vishwajit Dahanukar	VTCL	10	-	99,000	<ul style="list-style-type: none"> <li>Form SH-4</li> <li>Board Resolution for</li> </ul>

								recording transfer
5.	On 09/03/2017*	4800 and 22,16,667 (CCDs)	N/A	Mr. Faizaan Dalal	10 and 30 (for CCDs)	20	1,44,000 and 6,65,00,010 (for CCDs)	<ul style="list-style-type: none"> <li>• **Form PAS-3</li> <li>• **Offer letter in Form PAS-4 (filed in Form GNL)</li> <li>• **Form PAS-5 (filed in Form GNL)</li> <li>• **Form MGT-14</li> <li>• **Board Resolution (s) passed approving the offer of securities and the allotment for the same</li> <li>• **Special resolution passed approving the offer of securities.</li> </ul>
6.	On 09/03/2017	4800 and	N/A	Ms. Nafisa Dalal	10 and 30	20	1,44,000 and	<ul style="list-style-type: none"> <li>• **Form PAS-3</li> </ul>

	7*	22,16,667 (CCDs)			(for CCDs)		6,65,00,010 (for CCDs)	<ul style="list-style-type: none"> <li>• **Offer letter in Form PAS-4 (filed in Form GNL)</li> <li>• **Form PAS-5 (filed in Form GNL)</li> <li>• **Form MGT-14</li> <li>• **Board Resolution (s) passed approving the offer of securities and the allotment for the same</li> <li>• **Special resolution passed approving the offer of securities.</li> </ul>
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**DSNR Note:**

1.\*Dates of transfer/issue of shares are as per Annual Return (Form MGT-7) for 2016-17.

2. \*\*Based on the documents provided, (a) the 4800 shares and 22,16,667 (CCDs) were

issued to Ms. Nafisa Dalal; and (b) 4800 shares and 22,16,667 (CCDs) were issued to Mr. Faizaan Dalal in terms of private placement procedure under the Act. Under the aforesaid procedure, the Letter of offer (Form PAS 4, filed under Form GNL) for equity shares and CCDs does not include Annexure 3 (as mentioned under Form PAS 4) and the amount of the offer in respect of the issuance of equity shares and CCDs as mentioned under the relevant Record of Private Placement offer (Form PAS5) is incorrect and ambiguous.

Further, it may be noted that under the terms of the CCD offer (as mentioned under the private placement documents including, without limitation, Form PAS – 4 and the Special Resolution dated March 03, 2017 the CCDs include conversion of ‘outstanding loans’ (from Ms. Nafisa Dalal and Mr. Faizaan Dalal) into CCDs. Accordingly, we understand that the aforesaid ‘outstanding loans’ (from Ms. Nafisa Dalal and Mr. Faizaan Dalal) were brought under the purview of CCDs from the date of the issuance of CCDs and private placement procedure (especially under sections 42 and 62 under Act) for the loan was not followed at the time of the raising the loan (from Ms. Nafisa Dalal and Mr. Faizaan Dalal). In our view, such a retrospective compliance of private placement procedure in respect of the aforesaid loan (by being included under the CCDs) is a non-compliance of private placement procedure (especially under sections 42 and 62 under Act). In addition, we are unable to determine the exact figure of the ‘outstanding loan’ amount as the given documents do not state any information in respect of the same.

Further, the aforesaid directors (Ms. Nafisa Dalal and Mr. Faizaan Dalal) need to furnish declarations as per the Companies (Acceptance of Deposit) Rules, 2014 in order to ensure that such CCDs are not treated as ‘deposits’ under the Act. Otherwise, further provisions of the Act in relation to deposits may be attracted. Such declarations have not been provided. However, the Company has confirmed that they will be providing us the appropriate declarations in this regard.

Also, based on the CTC of board resolution dated January 19, 2018, the interest rate (coupon rate) of the CCDs was increased from 0.01% to 10.00% (w.e.f. April 01, 2017). However, it may be noted that under the statutory compliance documents in this regard including, without limitation, Form PAS – 4 and the Special Resolution dated March 03, 2017, the interest rate (coupon rate) of the CCDs was 0.01%. Accordingly, it is advisable for the shareholders of the Company (including, without limitation, Ms. Nafisa Dalal and Mr. Faizaan Dalal) to approve the increase in the interest rate (coupon rate) of the CCDs from 0.01% to 10.00% (w.e.f. April 01, 2017) by way of a special resolution. The Company has confirmed that they are in the process of undertaking the procedure for the approval via special resolution in this regard.

As per the terms of the CCDs, the same shall be convertible by the Company within 30 days from the completion of 1 (one) year from the commencement of the Company providing solar energy to UPCL. The Company has informed that the Company has initiated the conversion process of the CCDs.

3. \*\*\* We have not received Form 1 and the relevant board resolutions in respect of recording transfer of shares.

## **A.10 Determining right and requirements to transfer of assets and equity shares of the Company**

We have examined the charter documents (MoA and AoA) of the Company to ascertain the rights and requirements for transfer of assets and liabilities and its respective rights thereon and also to ascertain the rights, liabilities of the shareholders of the Company and requirements thereof to sell/transfer their respective equity shareholding.

### **A.10.1 MoA of the Company**

In terms of the objects incidental or ancillary to attainment of the main objects of the Company, the Company is authorized to:

- *acquire and undertake, manage or maintain whole or any part of the business, property and liability of any person, firm or company carrying on any business, which the Company is authorized to carry on or possessed of property suitable for the purpose of the Company and to purchase or acquire and to sell, exchange surrender , lease mortgage charges, hypothecations, debentures, concessions, options, contracts, patents, designs, licences, stocks, shares , bonds, policies, book debts, business concerns and undertaking and claims, privileges.*
- *buy, hire , take on leave or otherwise obtain, acquire, improve, develop manage, administer, work, exchange, sell, let out, surrender, mortgage, charge, hypothecate, convert, turn to account or otherwise dispose of or deal in nay movable or immovable property or properties and to privileges of any whatsoever.*
- *sell, dispose, mortgage, exchange, grant (eases, licenses, let out, options, easements and other rights in respect of tides, interests, improve, manage, develop and turn to account or deal with in any manner the whole of the property, assets, investment, undertaking, rights and effects of the company or any part thereof for such consideration as may be thought fit, including shares, debentures or securities of any other Company; whether party paid up or rally paid up.*

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### A.10.2 AoA of the Company

In terms of the provisions for ‘Transfer of Shares’ under the AoA of the Company, the 51% shares held by VTCL shall be considered as ‘Restricted Shares’ until earlier of (a) completion of 1(one) year from the commencement of the Company providing solar energy to UPCL or (b) occurrence of a liquidity event. Such Restricted Shares shall be transferred in favour of Mr. Faizaan Dalal and Ms. Nafisa Dalal on completion of 1(one) year from the commencement of the Company providing solar energy to UPCL.

Further, no transfer by VTCL shall be complete and effective unless the purchaser of the shares from VTCL executes a ‘deed of adherence’ incorporating the applicable principles specified of the SSHA and agreeing to be bound by the terms of the same in accordance therewith.

#### **DSNR Note:**

In terms of provisions of the extant AoA of the Company, the shareholders of Company shall either have to give their respective waivers of said transfer restrictions and other provisions in the AoA or the shareholders must have ensured the transfer of the 51% shareholding of VTCL to and in favour of Mr. Faizaan Dalal and Ms. Nafisa Dalal, before the Proposed Acquisition of the Company.

We understand that such transfer restrictions and other provisions in the AoA are the result of the SSHA executed amongst the Company, VTCL Mr. Faizaan Dalal and Ms. Nafisa Dalal. However, we have received only an unstamped (executed) copy of the same. Accordingly, the aforesaid waivers or transfer must be ensured in respect of the SSHA as well.

### A.11 Auditors

As per the MCA records, the present auditor of the Company is Abizer A Rangwala & Associates. It was duly appointed in the 5<sup>th</sup> Annual General Meeting (AGM) (erroneously mentioned as ‘6<sup>th</sup> AGM’) held on September 25, 2017. In this regard, the Company has filed the requisite Form ADT 1 (the prescribed form for the notice of appointment of auditors) with the Registrar of Companies, Mumbai, Maharashtra. However, it has been appointed only till the conclusion of the next AGM, i.e., 6<sup>th</sup> AGM (erroneously mentioned as ‘7<sup>th</sup> AGM’) subject to ratification “*at every AGM to be held in financial year 2017-18*”\*\*. Prior to this, the same auditor were appointed due to casual vacancy in the EGM held on March 01, 2017 (filed Form ADT 1).

The earlier auditor of the Company was Niteen D Kshirasagar & Co. It was appointed in the 3<sup>rd</sup> Annual General Meeting (AGM) held on September 30, 2015\* for 5 years uptill 2020 (for the period of accounts from April 1, 2015 to March 31, 2020). In this regard also, the Company has

filed the requisite Form ADT 1 with the Registrar of Companies, Mumbai, Maharashtra. However, it resigned on February 27, 2017 and filed the requisite Form ADT 3 in respect of the same. Prior to this, the same auditor was appointed in the 2<sup>nd</sup> Annual General Meeting (AGM) held on September 30, 2014 for one (1) year. Further, it may be noted that the same auditor was appointed for the period of accounts beginning from the date of incorporation of the Company to March 31, 2015. However, we have not been provided Forms 23B (erstwhile form under 1956 Act corresponding to Form ADT 1).

**DSNR Note:**

1. There seems to be inconsistency in respect of the appointment of auditors of the Company. As per section 139 of the Companies Act, 2013, statutory auditors must be appointed for a period of 5 years, however, in the instant case, adherence to the 5 year requirement has not been met. This is a significant non-compliance on the part of the Company.
2. \* We have not been provided with the minutes or CTC in respect of the appointment of the auditor in the 3<sup>rd</sup> Annual General Meeting (AGM) held on September 30, 2015. However, we have been provided the CTC of Board Resolution of the same date.

## **A.12 Annual Returns & Balance Sheets**

Section 92 of the Companies Act, 2013 (and erstwhile Section 159 of the Companies Act, 1956) requires every company, to prepare and file with the RoC the Annual Return containing the various particulars prescribed within 60 days from the date on which the AGM of such company is held.

Upon scrutiny of the documents provided by the Company, we have noted that the Company has prepared and filed Annual returns (Form MGT – 7 and as prescribed in schedule V of the Companies Act, 1956 along with Form 20B), with the RoC, for the AGMs held on September 30, 2013\*, September 30, 2014, September 30, 2015, September 30, 2016 and September 25, 2017.

Please note that Section 137 of the Companies Act, 2013 (and erstwhile Section 220 of the Companies Act, 1956) provides that within 30 days after the Balance Sheet and Profit and Loss Account along with the Auditors' and Directors Report thereon has been laid down in the AGM of a company, the company is required to file with the ROC Form AOC-4 (erstwhile Form 23 AC).

Based on scrutiny of the documents provided by the Company, we have noted that the Company has filed Form AOC-4 (erstwhile Form 23 AC)\*\* for all financial years up till FY ending on March 31, 2017.



**DSNR Note:**

1.\*As per MCA records and the documents provided, there was a delay in holding the 1<sup>st</sup> AGM of the Company. As per section 166 of the Companies Act 1956, a company may hold its first annual general meeting within a period of not more than eighteen (18) months from the date of its incorporation. Accordingly, in our view there was a delay of more than three (3) months in holding the 1<sup>st</sup> AGM of the Company. In this regard the Company has confirmed that there indeed was a delay in holding the 1<sup>st</sup> AGM and further confirmed that, till date, no compounding procedure or penalty payments have been undertaken or made by the Company for such delay.

Further, it may be noted that consequent to the delay in holding the 1<sup>st</sup> AGM, there have been delays in filing the relevant Form 20B and Form 23 AC in respect of the aforesaid AGM.

2. \*\* As per the Auditor's report in respect of FY 2016-2017, there has been 'a slight delay' in respect of deposit of various statutory dues.

Also, based on the Form AOC-2 (attached with Form AOC-4) and the corresponding financial statements, in respect of FY 2016-2017, there seems to be an additional loan from the director, Mr. Faizaan Dalal, to the Company of an amount of Rs. 2,11,66,980. The Company has not provided any documents and/or additional information in this regard.

3. The Company has not provided Form 23 ACA (erstwhile prescribed form for filing profit and loss account) in respect of FY 2012(including incorporation in 2011)-2013 and FY 2013-2014. Accordingly, we cannot determine if the Company has duly filed the same for the aforesaid relevant years.

4. As per annual return 2016- 17 the total number of members who attended the AGM, dated September 30, 2016, and EGMs, dated September 30, 2016; March 01, 2017 and March 03, 2017 was 3 (three) members. However, based on the transfer of shares dated August 02, 2016 and September 08, 2016, the total number of members of the Company holding 100% shares in the Company during the period between September 08, 2017 and March 09, 2017 was 2 (M/s. VTCL and Mr. Faizaan Dalal as nominee of VTCL). Such inconsistencies have also been observed in case of board minutes dated March 14, 2017, where the number of Directors who attended the Meeting was 2 (two) (based on the copy of relevant minutes). But instead, it was mentioned (in the annual return) that 3 (three) Directors had attended the aforesaid meeting.

### A.13 Charges

As per the MCA records, the details of charge registered in the name of the Company are as follows –

Date of Creation/Modification of Charge	Date of registration of Creation/Modification of Charge	Charge ID	Name of charge holder	Description of instrument creating charge	Short Description of the property charged
14.03.2017 (Creation) (Form CHG-1)	12.04.2017	100089105	Reliance Capital Limited	Deed of Hypothecation dated March 14, 2017 executed by the Company.	Book debts, operating cash flows, receivables commissions, revenues any other current assets present and future pertaining to project, Movable Properties plant machinery spares tools accessories
16.03.2017 (Modification) (Form CHG-1)*	09.06.2017	100089105	Reliance Capital Limited	Memorandum of Entry for Mortgage by deposit by Title Deeds dated March 16, 2017 executed by the Company.	Leasehold rights with respect to the Khasra no 2439, 2440, 2330, 2419, 2347, 2387, 2416, 2417, 2369M, 2370, 2442, 2372 etc admeasuring

					3.729 hectares and 2336M, 2337, 2338, 2339, 2340/1M, 2340/2, 2340/3, 2344M, 2320M, 2345M, 2346, 2348M etc admeasuring 5.322 hectares land in village Gurukul Narsan, Tehsil Roorkee, District Haridwar
29.06.2017 (Modification) (Form CHG-1)	20.07.2017	100089105	Reliance Commercial Finance Limited	Memorandum of deposit of title deed dated June 29, 2017 executed by the Mortgagors (Ms. Nafisa Dalal, Mr. Shahzaad Dalal and Mr. Faizaan), Reliance Commercial Finance limited and the Company.	Villa No. 43, admeasuring 412.5 sq. Mtrs (carpet area), equivalent to. 4440 sq. ft. and 454.79 sq. mtrs (built up area) (as per Act) /418.36 sq. mtrs (carpet area), equivalent to 4503 sq. ft (as per New Act), along with portion of land admeasuring 639.32 sq. mt. appurtenant to the Villa, in the Scheme known as "ASHOK NIRWAN", constructed on the land bearing CTS Nos. 167/1 to 167/23

					comprising S. No. 147, 149, 154/2 and 155, situated at Village Lonavala, Taluka Maval, Dist. Pune within the limits of Lonava la Municipal Corporation.
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**DSNR Note:**

\*There was a delay in filing the relevant Form CHG- 1 in this regard.

**A.14 Minutes**

We have been provided with copies of a few board meeting minutes and shareholders meeting minutes and CTCs in respect of some of them. As per the documents received, we can conclude that the Company has not complied with certain provisions of the Act and SS-I and SS-II, with respect to minutes of board meetings and general meetings from time to time. Some of the key lapses are as under:

**A.14.1 Board Meetings (Act and SS- I, wherever applicable)**

- i. The page numbers of the Minute books are not serially numbered for meetings dated- 12.04.2018; 19.01.2018; 08.07.2017; 29.06.2017; 14.03.2017.
- ii. Attendance sheets have not been prepared for meetings dated- 12.04.2018; 19.01.2018; 08.07.2017; 29.06.2017; 14.03.2017.
- iii. The serial number of the meetings are not mentioned in minutes and Notice for meetings dated- 12.04.2018; 19.01.2018; 08.07.2017; 29.06.2017; 14.03.2017.
- iv. The time of conclusion of meeting not mentioned in minutes for meetings dated- 12.04.2018; 19.01.2018; 08.07.2017; 29.06.2017; 14.03.2017.
- v. Quorum for the meeting was present but it was not duly noted in the minutes of the meeting dated- 29.06.2017; 14.03.2017.
- vi. Incomplete minutes received for meeting dated 08.07.2017.

**A.14.2 General Meetings (Act and SS- II, wherever applicable)**

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- i. The page numbers of the Minute books are not serially numbered for meeting dated- 01.03.2017;
  - ii. The serial number of the meetings are not mentioned in minutes and Notice for meeting dated- 01.03.2017;
  - iii. The time and day of the meeting is not mentioned in the Minutes for meeting dated- 01.03.2017;
  - iv. Consent for shorter notice has not been given for the meetings dated- 01.03.2017;
  - v. VTCL being an artificial person, need to appoint its Authorised Representative for the general meetings. However, the same has not been provided for meeting dated- 01.03.2017.
  - vi. Ms. Nafisa Dalal did not attend the meeting dated 01.03.2017, however, the annual return for the corresponding year is inconsistent with the same.

**Relevant Penal Provision:** As per section 118(11), if any default is made in complying with the provisions of section 118 of the Act, in respect of any meeting, the company shall be liable to a penalty of Rs. 25,000 (Twenty-Five Thousand Rupees only) and every officer of the company who is in default shall be liable to a penalty of Rs. 5,000 (Five Thousand Rupees only).

**DSNR Note:**

The non-compliance under this section may be noted.

## A.15 Registers

As per Section 88 of the Act, it is mandatory for every company to maintain certain Registers (register of members, register of debenture holders, etc.) in such form as may be prescribed.

The Company has provided incomplete register of members i.e. Form MGT- 1. Certain entries in the register have not been filled, *inter alia*, date of transfer, certificate no. etc.

Also, the Company has not provided the following registers:

- i. Register of Debenture Holders (Form MGT- 2)
- ii. Register of contracts with Related Party (Form MBP-4)

**Relevant Penal Provision:** As per section 88(5), if the company is not maintaining register (Register of Members and Register of Debenture Holders) or fails to maintain them in accordance with the provisions of Section 88, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 50,000 (fifty thousand rupees) but which may extend to Rs. 3,00,000 (three lakh rupees) and where the failure is a continuing one, with a further fine which may extend to Rs. 1000 (one thousand rupees) for every day, after the first during which the failure continues.

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As per section 189(6), every director who fails to comply with the provisions of section 189 (Register of contracts with Related Party) and the rules made thereunder shall be liable to a penalty of twenty-five thousand rupees.

**DSNR Note:**

The non-compliance under this section may be noted.

**A.16 Miscellaneous observation**

There have been instances of late filing by the Company. Further, we have not been provided with copies of all board meeting minutes and shareholders meeting minutes except a few in respect of FY 2017-2018\*.

The security certificates (in respect of shares and CCDs) and securities transfer forms (SH4) have discrepancies in the following manner\*:

- i. Date of issue is not mentioned in share certificates of Ms. Nafisa Dalal and Mr. Faizaan Dalal.
- ii. Stamps on certificates pertaining to CCDs issued have not been cancelled.
- iii. The folio numbers do not match with the ones mentioned in Register of members, annual return (2016-17) and Form SH- 4.
- iv. Stamps on FormSH-4 transferring 99 shares from Mr. Yeshwant Jambotkar to VTCL have not been cancelled.

**DSNR Note:**

\* The Company has informed that they will be providing further documents in this regard.

## CHAPTER B LOANS AND BORROWINGS

The Company (also referred to as the “Borrower” apart from being referred to as “Company”) has entered into a loan agreement with Reliance Capital Limited (referred to as “the Lender” or “RCL”) dated March 14, 2017 (“Effective Date”) to avail Rupee Term Loan (referred to as “Rupee Term Loan Facility”/“RTL Facility”/“Facility”) of Rs. 18.70 Crores (Rupees Eighteen Crores Seventy Lakhs only) for the development of the project, the project being the development of 6.25MW (DC) Solar PV Project at Narsan Kala, Roorkee, District- Haridwar, Uttarakhand (“Project”). The cost of the project is valued at Rs. 32.00 Crores (Rupees Thirty-Two Crores only). The aforesaid loan agreement is hereinafter referred to as “Agreement”/ “Loan Agreement” below.

### Key provisions as per the Facility/ Loan Agreement:

1. **Recital C:** The Facility shall be disbursed in two tranches as follows:
  - i. First tranche to the extent of 80% of the debt amount.
  - ii. Second tranche for the balance amount post Commercial Operation Date (“COD”) on compliance of the conditions precedent to it.
2. **Clause 2.1.4:** The Borrower declares and confirms that the Facility shall be governed by the terms and conditions under the Agreement and other Financing Documents and in case of a conflict or inconsistency between the provisions of the Agreement and that of the other transaction documents, the provisions of the Agreement shall prevail to the extent of such conflict or inconsistency, as the case may be.
3. **Clause 2.6.1:** The tenure of the Facility shall be a door to door tenor of 15 years including moratorium of 12 months from Scheduled Commercial Operation Date (SCOD).
4. **Clause 2.8:** The Borrower shall repay the Facility in 55 structured quarterly installments post the moratorium period; first shall fall due on 1st July, 2018 and last on 1st April, 2032.
5. **Clause 2.12.1:** Interest shall be charged on the Facility and other Outstandings on a monthly basis at the Applicable Interest Rate. Applicable Interest Rate shall be changed with change in Lender’s Prime Lending Rate and/ or the Spread. The Borrower shall have to pay a revised Applicable Interest Rate on the Outstandings from the date of such change/ reset.

***“Interest Rate”*** or ***“Applicable Interest Rate”*** shall mean, at any relevant time, the rate (including any reset rate) at which the Lender will provide the Facility to the Borrower

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and shall be the aggregate of the floating RCL Prime Lending Rate and the Spread expressed in percentage per annum. For avoidance of doubt it is clarified that at the time of execution of this Agreement the Interest Rate is 13.50 % per annum floating.

**"RCL Prime Lending Rate"** shall mean the RCL Benchmark Rate which is subject to change from time to time, which of change will be notified to the Borrower by the Lender within 5 (five) working days of the change and as on the Effective Date is 18% per annum.

**"Spread"** shall mean the rate *notified* by the Lender to the Borrower from time to time in accordance with this Agreement and as on the Effective Date is **-4.50%** per annum.

**"Outstandings"** shall mean all amounts payable to the Lender by the Borrower pursuant to the terms of the Financing Documents, including without limitation:

- i. the principal of, and interest on the Facility and all other obligations and liabilities of the Borrower, including Further Interest, Liquidated Damages, Additional Interest, indemnities, expenses, fees (including Upfront Fees), commissions, charges, incurred under, arising out of or in connection with any Financing Documents;
  - ii. any and all sums incurred by the Lender in order to preserve the security or preserve the Security Interest over the security created/ to be created pursuant to the Security Documents, and
  - iii. any and all sums reimbursable under any of the Financing Documents including all such costs and expenses which may be incurred and/or suffered and/or paid by any of the Lender in accordance with the terms of the Financing Documents, and
  - iv. in the event of any proceeding for the collection or enforcement of the Outstandings, after an Event of Default shall have occurred, the expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing the Security Interest created/to be created pursuant to the Security Documents or of any exercise by the Lender of its rights under the Security Documents, together with legal fees of Lender's Legal Counsel and court costs.
6. **Clause 2.16: The Lender / Borrower shall have a Put / Call option on the loan for the period of 12 months from SCOD. On exercise of the Put / Call option by either Borrower or the Lender, the Borrower shall prepay the entire outstanding Facility within 30 days of exercise of the option without any prepayment charges.**
- The Lender reserves its right to review, amend existing terms and/ or stipulate additional terms in case non- payment of entire dues within the above timelines in case of invoking of put/call option.**



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7. **Clause 3.1: Security for the Loan-** the Facility shall be secured by the following security interest to be created in favor of Lender, in a form and manner satisfactory to Lender:

**PRIMARY SECURITY:**

- a) First Exclusive charge on the Borrower's book debts, operating cash flows, receivables, commissions, revenues, any other current assets of whatsoever nature and wherever arising, present and future pertaining to the Project;
- b) First Exclusive charge on entire movable properties of the Borrower, both present and future including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable properties of whatsoever nature pertaining to the Project;
- c) First charge by way of mortgage by way of deposit of lease deeds/ Lease Agreements/ Right to use/ Rent Agreement etc. on all the immovable properties (owned and leased)/ leasehold or rent rights/ rights to access the site to be used to set up the Project(s) both present and future of the Borrower Company;
- d) First Exclusive charge on the Trust & Retention Account (TRA) to be opened and maintained in a designated bank for the said Project wherein all the cashflows shall be deposited;
- e) First charge on Debt Service Reserve Amount (DSRA) to be built up equivalent to two quarter's debt service obligation;
- f) Pledge of 100% shareholding of Mr. Faizaan Dalal & Ms.Nafisa Dalal in the Borrower Company;
- g) Pledge of 100% CCDs held by Mr. Faizaan Dalal & Ms. Nafisa Dalal in the Borrower Company;
- h) Irrecoverable and Unconditional Personal Guarantees of Mr. Faizaan Dalal (NW as on 31.03.2016= Rs.5.45 crore) and Ms. Nafisa Dalal (NW as on 31.03.2016= Rs.6.58 crore);
- i) Demand Promissory Note for Rs.18.70 Crores to be executed under the common seal along with the Letter of Continuity for the same.

**ADDITIONAL SECURITY\*:**

- a) First exclusive charge on the collateral Security aggregating to 0.5x of the Facility amount. The Security shall include the following:
  - i. **Property I** - Unit No.502 admeasuring 1319 sq. ft. (carpet area) of the building known as Kanakia Zillion standing on the part of the land bearing CTS Nos. 5, 5/1 to 4,6,6/1 to 27,7,7/1 to 5 and 9 of village Kurla-4 and situated at Kurla West Zone West Zone- 108/516, rate-84700/sq. mtrs. together with structures thereon,

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fixed plant & machinery, fixtures and fittings, constructed, erected or installed thereon.

- ii. **Property II** - Flat No. TB- 1802, 18<sup>th</sup> admeasuring 1369 sq. ft. area along with two covered car parking in tower B at Runwal Elegante, old Kamath Club, Lokhandwala Complex, Behind Infinity Mall, Oshiwara, Andheri- West.
- iii. **Property III**- Flat No. TB- 1803, 18<sup>th</sup> admeasuring 1318 sq. ft area along with two covered car parking in tower B at Runwal Elegante, old Kamath Club, Lokhandwala Complex, Behind Infinity Mall, Oshiwara, Andheri- West.

Further, the Borrower shall provide fixed deposit for the differential amount between the collateral security stipulated (**0.5x**)&security offered against it (as above).

***The additional Security shall be released to the Borrower on the confirmation of the following:***

- i. Tariff remains unchanged at Rs.5.79/unit
- ii. Final LIE report on the successful commissioning of the Project and generation as per estimated PLF.
- iii. Revenue against the first invoice raised to the Off- taker is routed through RCL TRA account

For the perfection of the Additional Security, the Borrower/ Promoter shall arrange necessary Corporate Guarantees/ Personal Guarantees from the security providers to the satisfaction of the Lender.

***(“Promoters” shall mean Mr. Faizaan Dalal and Ms. Nafisa Dalal.)***

All the aforementioned Security both primary and additional as mentioned above has to be created and perfected before the first disbursement.

The Borrower Company shall file the required documents with the respective ROC in respect of creation of security within 30 days of the date of formalization of loan documentation of the proposed Facility.

**The Lender reserves the right to modify the above security structure in its absolute discretion, during the loan period/ prior to execution of transaction documents, on account of issues, if any arising out of the legal due diligence.**

**If, at any time during the currency of the loan, the Lender is of the opinion that the security provided to the Lender has become inadequate to cover the outstanding**

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**amount under the loan Agreement, then the Borrower Company, upon receipt of a notice to that effect from the Lender shall provide and furnish to the Lender, such additional Security to the satisfaction of the Lender.**

If the Borrower Company fails to perfect Security as stipulated above then without prejudice to the right of the Lender under the RTL Facility Agreement or otherwise the outstanding principal amount of the loan shall carry additional Interest @2% p.a. to be calculated from the end of the timelines as above from the date of first disbursement till the perfection of security to the satisfaction of the Lender.

**DSNR Note:**

\*The additional security lists out three (3) separate properties. However, Property II and III were replaced by the property situated at Village Lonavala, Taluka Maval, Dist. Pune, i.e., Villa No. 43, admeasuring 412.5 sq. Mtrs as per the sanction letter received from Reliance Commercial Finance Limited dated 29.06.2017. However, it may be noted that we cannot conclude if the Loan agreement has also been amended for purposes of the change in additional security, as we have not been given any amendment agreement in relation to the Loan Agreement.

8. **Clause 3.2:** The Borrower shall make out a good and marketable title of its properties and the secured property to the satisfaction of the Lender and comply with all the formalities as may be necessary or required for the said purpose.
9. **Clause 3.3:** The Borrower shall not without prior consent of the Lender in writing during the currency of this Agreement create in favor of any other person any Security Interest on the Secured Property.

**"Security Interest"** shall mean any hypothecation, pledge, charge (whether fixed or floating), claim, debenture, deposit by way of security, guarantee, assignment, deed of trust, lien (statutory or other) of any kind, priority, third party custody, encumbrance, or other security of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law and any undertaking including any preferential arrangement, including without limitation, any agreement to give the same effect as any of the foregoing, any conditional sale in relation to any asset or any lease in the nature thereof and any designation of toss payees or beneficiaries or any similar arrangement under any insurance policies, (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of pre-emption, right of first offer, right of first refusal,

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beneficial ownership (including usufruct and similar entitlements), form of transfer, sale or disposal of or attempt to transfer, sell or dispose any form of beneficial or legal interest, any provisional or executorial attachment or transfer restriction in favor of any Person, and (iii) any adverse claim as to title, possession or use.

10. **Clause 3.4:** The Borrower shall maintain a Trust & Retention Account (TRA) in a designated/ scheduled bank, where all the cash inflows of the Project / Borrower shall be deposited and the proceeds utilized in a manner and priority to be decided by the lenders in consultation with the Borrower. The Borrower shall undertake to deposit all the payments due and payable in respect of the Project is the TRA Account only.

The Borrower shall, on a monthly basis, submit a cash budget ("Budget") consisting of details pertaining to (i) sources and end-use of funds of the previous month; and (ii) the projected fund requirement of the Project for the current month. The Budget shall be scrutinized by the Lender and based on the satisfaction of the Lender, the disbursements/ drawdown of the Facility/ release of funds from TRA Account may be permitted by the Lender.

11. **Clause 3.5:** The Borrower shall create a Debt Service Reserve Amount (DSRA) equivalent to average two quarter interest and principal due to the Lender. One quarter DSRA shall be created upfront out of RCL Facility. Another one quarter shall be built up from the project cash flows within 12 months of SCOD. The Promoters shall give an undertaking to bring the required funds to create DSRA as stipulated by the Lender if not created within 12 months of COD.

The said DSRA shall be maintained at all times during the tenor of the Facility. Further the Promoters shall also undertake that in case of shortfall in DSRA replenishment at any given point in time, the Promoters shall infuse such funds as may be required to replenish DSRA to the level stipulated by the Lender. The Borrower/ Promoters shall have option to create such DSRA by way of Cash deposit/ BG in a manner acceptable to the Lender without any recourse to the Project Assets.

Such reserve shall be under exclusive control of the Lender and shall be used only for the purpose of meeting any shortfall of the Company's funds in servicing the sub-debt obligations, The Promoters/ Borrower shall undertake to top-up the reserve funds from surplus cash flows/ further infusion of funds in case of utilization of the said reserve for the designated purpose.

12. **Clause 3.6:** In case the debt service coverage ratio {the "DSCR") in any year (after first repayment) exceeds 1.25, 50% of surplus cash flow (i.e. surplus cash pertaining to the Project above 1.25 DSCR) may be utilized for prepayment of the Facility at the sole

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discretion of Lenders, in the inverse order of maturity without attracting pre-payment penalty. DSCR covenant will be first tested at the end of FY 2018 and every year thereafter based on the Audited Financials of the respective financial year.

**13. Clause 4.2.25: Undertaking from Promoter:**

The Promoters hereby agree, confirm and undertake as under:

- i. To retain the Management Control of the Borrower Company throughout the Loan tenor. After 12 months from the date of COD, the shares of Vishal Techno Commerce Pvt Ltd(VTCL) shall be transferred to Mr. Faizaan Dalal & Ms. Nafisa Dalal and shall remain with them for the remaining tenor of the facility;**
- ii. To acquire 49% stake in the Borrower company prior to disbursement and provide updated shareholding pattern prior to the first disbursement;**
- iii. To ensure, at all times during the tenure of the Loan facility, the Promoter(s) shall not dispose any of their shares/ share and/ or holding rights directly or indirectly in their Borrower without prior written intimation to the Lender;**
- iv. To convert the CCDs into equity after one year from COD & pledge the increased shareholding to RCL, post conversion, 51% shares held by the Promoters (Mr. Faizaan Dalal & Ms. Nafisa Dalal) shall be pledged to RCL and 49% pledge of shares shall be released in the following circumstances;**
  - a) The base case DSCR is maintained;**
  - b) No Event of Default has occurred**
- v. Any shortfall in the resources of the company for completing the Project and overrun in the project cost due to any circumstances, shall be met by the Promoters by way of - a) infusion of fresh equity capital or preference capital, and/or, b) granting of unsecured interest free loans or subordinated debt to the company on terms and conditions acceptable to RCL and without any recourse to RCL/other financial institutions/banks and without any recourse to the cash flows generated from the Project;
- vi. The Promoters to bring additional funds to cover the shortfall in the Borrower's funds for repayment of the Facility under any circumstances;
- vii. To acknowledge and accept that in an event of failure of the Borrower to pay any dues towards RCL, the Promoter shall take necessary action including but not limited to infusing additional equity to pay off RCL dues;
- viii. That the Loans availed by the Borrower from its Promoters/ Group Companies, if any, shall be subordinate to the RCL Facility;

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- ix. To ensure that the Project has and continue to have all the valid and effective consents and approvals for smooth implementation and operation of the Project;
  - x. To direct the Borrower to route the part of Facility drawn from any financial institution towards repayment of RCL Facility;
  - xi. In case of refinance of the RCL facility, to intimate the Lender of the Project regarding the facility availed from RCL and shall further advise them to disburse their Facility towards repayment of RCL Facility;
  - xii. To intimate RCL about Equity/Debt tie-up with any Individual/institution and shall arrange to repay RCL facility out of the funds infused;
  - xiii. To agree that any shortfall in DSRA due to reduction in cashflow on account of lower tariff to be met by Promoter and Borrower from its own resources without any recourse to RCL;
  - xiv. To ensure that the Borrower is provided with requisite technical, financial and managerial expertise to perform/discharge its obligations under Project Documents;
  - xv. To agree to modify the Memorandum of Association and Articles of the Association, if required, for enhancement of authorized share capital and borrowing power as per the envisaged financial plan and incorporate any other changes as may be required by the Lender;
  - xvi. On invocation/encashment of said Performance Bank Guarantee issued to UPCL partly or fully, the Promoters shall infuse fresh funds in the Project;
  - xvii. To arrange to submit Personal Guarantee and Corporate Guarantee from the joint holders of the collateral properties;
  - xviii. To arrange for the security in the form of FD for an amount equivalent to the difference between the amount of collateral security stipulated and the security given against it. Till the balance amount of security is created & perfected by way of mortgage on the immovable properties
  - xix. They acknowledge and accept that in an event of failure of the Borrower to pay outstanding dues towards the Lender, it shall take necessary action including but not limited to infusing additional equity to pay off the Facility dues.
  - xx. They agree that in the event of the Borrower committing default in the payment of principal and/or interest on due dates, and the default is not cured by the Promoter, the Lender shall have an unqualified right to disclose the name of the Promoter and its directors to the Reserve Bank of India / Credit Information Bureau of India Ltd. The Promoter shall give its consent to the RCL / RBI/CIBIL to publish its name and the name of its directors as defaulters in such manner and through such medium as the Lender in its absolute discretion may think fit.
  - xxi. They shall ensure that Security is created/ perfected on the Project Assets to the satisfaction of the Lender
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Without prejudice to the above set out Pre-Disbursement Conditions, the Lender shall have the right to stipulate, such other Pre-Disbursement Conditions, as they may deem fit, prior to the date of first drawdown of the Facilities.

**14. Affirmative Covenants in Clause 5.1:** Borrower *inter-alia* shall:

- i. comply in all respects with all Applicable Laws (including environmental laws) in relation to the conduct of its business and operation of its business;
- ii. promptly inform the Lender on the happening of any event, which has or is likely to have a substantial effect on the profits, business of the Borrower and with an explanation of the reasons therefore and the remedial steps being taken by the Borrower;
- iii. furnish such other information regarding the business, affairs, prospects, assets, management or condition (financial or otherwise) of the Borrower or any company in which it has large investment or its group companies including any action that may be taken by any creditor against the said companies as the Lender may request;
- iv. promptly inform the Lender of the occurrence of any event which it becomes aware which might adversely affect any of the Security Providers) or its ability to perform its obligations under the relevant Security Documents;
- v. declare that there are no pending litigation matters led against the Borrower, which, could affect the financial position of the Borrower, in the event of any such suit being filed, the Borrower shall inform the Lender;
- vi. declare relationship, if any, of the directors of the Borrower or any other Security Provider with the directors of the Lender and/ or senior officials of the Lender;
- vii. get executed all the necessary security documents and shall register the stipulated charges with appropriate authorities in accordance with the Transaction Documents and Applicable Law;
- viii. ensure that until the final Settlement Date, the management of, and Control over, the Borrower shall always remain with the Promoters /Shareholders;
- ix. perform and execute, on request of the Lender, such acts and deeds, as may be necessary to carry out the intent of this Agreement;
- x. agree to appoint technical, financial and executive personnel of proper qualification and experience for the key posts and ensure that the organization setup is adequate enough for smooth development and operation of the Borrower;
- xi. maintain proper books of account, investments register and other books of the Borrower as are required under the Applicable Laws. The Borrower agrees that the Lender or nominee of the Lender shall have the right to inspect and examine



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- the said books of the Borrower and take an extract thereof at the cost of the Borrower and the Borrower shall render all the help for such an inspection;
- xii. Financial Covenants: The Borrower shall ensure that:
- minimum Security Margin of 25% (Project level) is maintained;
  - maximum Debt to Promoter Contribution/ Equity Ratio (DER) for the project not to exceed 70:30 during the tenor of the Project;
  - Debt Service Coverage Ratio (DSCR) for the project for each year of operation to be minimum of 1.10 before declaring dividend;

**DER means** the ratio of (a) all long term borrowing, to (b) Shareholders Contribution (including moneys brought in by the Promoters in any form other than Equity Capital) as per the stipulated Means of Finance.

**DSCR means** the ratio of a) Gross cash accruals of the company plus the interest payment to the Lender, to b) the aggregate of the principal and interest payments by the borrower to the Lender.

- TOL/TNW of 2 (maximum) at the Borrower Level (Deviation upto 5%)

If the Security Margin for any financial year falls below than clause stipulated above, then the Borrower shall provide additional security top-up in the form of and manner acceptable to RCL within 30 days of providing intimation to such an effect to the Borrower.

RCL shall be entitled to stipulate new conditions / modify existing terms of the facility including charging 1% additional penal interest, for the period of non-achievement of the above parameters.

The above Financial Covenants shall be examined by RCL at the end of every financial year based on the audited financial accounts as to be submitted by the Borrower. Such penal interest shall be payable for the period of such non-adherence for min, 1 year (or any shorter period based on the audited financials).

**15. Negative Covenants in Clause 5.2:** Without prior permission of the Lender, the Borrower shall not (*inter-alia*):

- convey, sell, lease or otherwise dispose of or mortgage or otherwise charge (or agree to do any of the foregoing at any future time) all or any part of the Assets;**



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**“Assets”** shall mean all the assets of the Borrower comprising of all the immovable assets, all movables assets including but not limited to plant and machinery, spares, tools and accessories, furniture, fixtures, equipment, etc, all the assets (including Cash Flows, DSRA, TRA) of the Project and the current assets of Project comprising of receivables, bank accounts where revenues from the project are deposited, all the rights, title, interest, benefits, claims and demands under all project related documents or any other related approvals and insurance policies, both present and future.

- ii. issue any debentures (excluding FCCD), raise any loan, accept deposits over and above limit approved by Lender;
- iii. in the event of Lender’s debt obligation are overdue, prepay any debt, redeem any preference shares, prepay Sponsor loans (other than proposed one), undertake any contingent liability, provide any loan, change its capital structure, create any Security Interest on the Projects assets;
- iv. enter into any transaction of merger, de-merger, consolidation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction;
- v. embark upon any expansion /diversification of operations of the Borrower (other than normal course of business without prior Intimation in writing to Lender;
- vi. **effect any change, whether directly or indirectly, in the legal or beneficial ownership or control or management of the Borrower, It is clarified that the Borrower shall ensure and procure that the provisions contained hereunder shall not be capable of being avoided, and shall not be avoided, by the security holder by the holding of shares through a company or other entity that can itself be sold or whose legal or beneficial ownership can be freely transferred, or by a change in the beneficiaries, where the shares of the Promoters are held in trust by a trustee (“holding companies”). Any such change in the legal or beneficial ownership of such holding companies, shall be construed as a change in the legal and beneficial ownership of such Promoters for the purposes of this Agreement;**
- vii. effect any change in the Borrower’s capital structure or carry out any amendments or alterations to Memorandum and Articles of Association to the extent such amendments or alterations to Memorandum and Articles of Association are inconsistent with the terms of this Agreement, and/ or any of the Financing Documents;
- viii. except as otherwise provided in this Agreement, undertake guarantee obligations on behalf of any third party or any other company and shall not dispose of whole or substantially the whole of the undertaking;

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- ix. allow withdrawal of any unsecured loans or deposits brought in or to be brought in by the Borrower and, its Promoters, collaborators, partners, directors, majority shareholders, their relatives and friends for any financing requirement without the prior approval of the Lender, The Borrower shall not on its own repay any such unsecured loans or deposits so long as any monies remain due by the Borrower to the Lender so that such unsecured loans always remain subservient to the Facilities;
  - x. pay any remuneration or commission to the directors other than the remuneration and/or commission paid to the directors in the normal course of business and in compliance with Applicable Law or pay any commission or any consideration 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 or to be obtained for or by the Borrower or in connection with any other obligations undertaken for or by the Borrower for the purpose of its operation and business;
  - xi. so long as the outstanding continues in the books of the Lender in respect of the Facilities, the Borrower shall not avail of any credit facility or accommodation from any other bank or financial institution or any person, firm or company for funding of Project in any manner without the previous permission in writing of the Lender nor shall deal with or through any other bank or financial institution without having obtained in this behalf the prior written approval of the Lender.

**16. Event of Default in Clause 7.1:** Apart from other standard events of default, the following shall amount to event of default:

- i. Default by the Borrower in the payment of any installment of the principal or any other amounts as due under the Financing Documents of the Facility or the interest payable on such outstanding Facilities on any due date;
- ii. The Borrower committing any breach or default in the performance or observance of the material covenants of the Facility Agreement or the Project Documents;
- iii. The Borrower or the Promoters is deemed for the purposes of any law to be unable to pay debts as they fall due, or to be insolvent or declares bankruptcy, or admits its inability to pay debts as they fall due;
- iv. The Borrower or the Promoters suspends making payments on all or any class of its debts or announces an intention to do so, or a moratorium is declared in respect of any of its indebtedness;
- v. Any bankruptcy or insolvency proceedings are instituted against the Borrower or the Promoters or any step {including petition, proposal or convening a meeting} is taken with a view to a composition, assignment or arrangement with any creditors of the Borrower or the Promoters. Consequent to this, any liquidator, trustee in

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- bankruptcy, judicial custodian, receiver, administrative receiver, administrator or the like is appointed in respect of the Borrower or the Promoters or any part of their respective assets and such appointment is not stayed, quashed or dismissed within a period of ninety (90) days;
- vi. The Borrower ceases or threatens to cease to carry on work on its business or on the Project in line with the Project Documents and / or its business and/ or the Purpose in accordance with the terms of any Financing Documents and/ or Applicable Law for any reason whatsoever for a period exceeding ninety (90) days;
- The Borrower and the Promoter commit a breach of any of the obligations under the terms and conditions of any of the Project Documents;
- vii. **The management and Control as required in terms of this Agreement is changed and any person acting singularly or with any other person (either directly or indirectly) acquires Control of the Borrower or of any other person who Controls the Borrower, without the approval of the Lender or the Sponsor ceases to hold management control;**
- viii. **The occurrence of any event or circumstance which is prejudicial to or imperils or depreciates the security charged to Lender or materially impacts the viability of the Project and such event or circumstance, inter alia, non-perfection of the security as stipulated within the stipulated time, continues to have an effect for a period in excess of sixty (60) days to the satisfaction of Lender;**
- ix. **Non - adherence or breach of the terms of the Transaction/ Project documents / Facility Agreement;**
- x. The borrower stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, or begins negotiations or takes any proceeding or other step with a view to rescheduling or deferral of any part of its debts or proposes or make a general assignment or an arrangement or composition with or for the benefit of its creditors generally or any group or class thereof;
- xi. Any breach and/or non-compliance of the provisions of the Borrower's and Shareholders Undertaking will constitute an Event of Default;
- xii. Non-submission of annual reports / audited financials within 180 days of the signing / release of the same;
- xiii. Suspension/Termination of the Project by any party/ authority for any reason;
- xiv. Any dispute, cause of reference to law by any party in regard to operation of the Project, which may cause disruption in operation of Project, if not settled within 60 days;
- xv. The Borrower ceasing to carry on its business;
- xvi. **Security provided under the Facility Agreement ceases to be in full force and effect;**
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- xvii. Deterioration in the security or viability of the Project in any manner;
  - xviii. The defaults shall be subject to such reasonable cure periods as may be agreed between the Borrowers and the Lender at the time of documentation;
  - xix. Failure to provide generation data to the Lender for a period of 6 months;

**17. Consequences of Event of default in Clause 7.2-** If one or more Events of Default occur, the Lender reserves the right to (*inter-alia*):

- i. call back the Facilities and exercise such other rights and remedies in the order and manner as may be deemed fit by the Lender, after giving a 30 (thirty) days' notice to the Borrower;
- ii. cancel all commitments whereupon the Lender' obligations to make available Facility under this Agreement, shall be terminated forthwith;
- iii. call up the loan;
- iv. **enforce all of the Security Interest created pursuant to the Security Documents and Clause and exercise any and all rights specified in the Security Documents, Project Documents and other Financing Documents including, without limitation, to accelerate the obligations of the shareholders of the Borrower including the Promoters to perform their obligations as stipulated in this Agreement;**
- v. exercise such other remedies as permitted or available under Applicable Law in the sole discretion of the Lender against the Borrower and/or the Security Provider or exercise all or any rights or remedies of the Borrower under one or more documents relating to Project against any parties to such documents in such manner in its absolute discretion;
- vi. instruct any person, who is liable to make any payment to the Borrower, to pay directly to the Lender;
- vii. **sell, assign, dispose off or otherwise liquidate or direct the Borrower to sell, assign, dispose off or otherwise liquidate, any or all of the Secured Property at such time, at such place or places and on such terms as the Lender may determine and take possession of the proceeds of any such sale or liquidation;**
- viii. **enter upon and take possession of the assets of Borrower; transfer the Projects Assets of the Borrower as applicable under the law;**
- ix. transfer the assets of the Borrower including the assets of the Project comprised within the Security Interest created in favour of the Lender or such other Person by way of lease, leave and license, sale or otherwise as per Applicable Law;
- x. appoint technical, financial and executive personnel of proper qualifications and experience for the key positions and ensure that its organizational set up is

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- adequate to ensure smooth implementation and of the Purpose and business of the Borrower;
- xi. convert (which right is hereinafter referred to as ("the Conversion Right")), if the Borrower defaults in payment of interest or repayment of any two-consecutive installment of the Facilities or interest thereon or any other outstanding, at its option, either the whole or any part of the amount of the Facilities and or interest and/ or any or all other outstanding into fully paid up and voting equity shares of the Borrower at fair value as agreed and decided by Lender.

**DSNR Note:**

It may be noted the Loan Agreement contains various onerous clauses which have been expressly mentioned above.

## **Security Documents under Loan Agreement**

### **Deed of Pledge of Shares**

Mr. Faizaan Dalal and Ms. Nafisa Dalal (“Pledgors”) pledged their 100% shareholding (4800 equity shares each) in A B Renewable Energy Private Limited (“Borrower”) in favour of Reliance Capital Limited (“Pledgee”) through a deed of Pledge of shares executed on March 14, 2017. The deed is in compliance with the Loan Agreement dated March 14, 2017 entered between the Company and Reliance Capital Limited.

The Pledgors have executed a Power of Attorney in favour of the Lender, with respect to the deed of pledge of shares, on June 06, 2017. Under this Power of Attorney, the Pledgors have nominated and appointed Reliance Commercial Finance Limited as their lawful attorney to perform actions in terms of the Pledge Agreement.

#### **Key Provisions of Deed of Pledge of Shares:**

1. In terms of Clause 5, any further securities which may/ shall be pledged with the lender, including benefits in respect of Pledged Securities, shall be deemed to be pledged to the lender under this Agreement only.
2. In terms of Clause 8, the Pledgors agrees, undertakes and confirms, *inter alia*:
  - i. That the Lender is legal and beneficial owner of the Pledged securities;
  - ii. That the pledged securities are not encumbered in any manner;
  - iii. That the Lender may require the Pledgors to transfer the Pledged Securities in the Lender’s name or its nominees;**
  - iv. That the Lender shall have authority to collect and receive, all dividend, interest, bonus securities etc. arising out of the securities.
  - v. That the Pledgors shall execute a power of attorney in favour of the Lender;
3. In terms of Clause 9, the Pledgors further covenants and agrees, *inter alia*,:
  - i. That all the stamp duties and registration fees, shall be borne and paid exclusively by the Pledgors.
  - ii. That the Pledgors shall not be discharged from the Pledgor’s liability until repayment of all dues of the borrower under the Loan Agreement.

### **Deed of Pledge of Compulsory Convertible Debentures (CCDs)**

Mr. Faizaan Dalal and Ms. Nafisa Dalal (“Pledgors”) pledged their 100% CCDs (22,16,667 each) in A B Renewable Energy Private Limited (“Borrower”) in favour of Reliance Capital Limited (“Pledgee”) through a deed of Pledge of CCDs made on March 14, 2017. The deed is in

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accordance with the Loan Agreement dated March 14, 2017 entered between the Company and Reliance Capital Limited.

The Pledgors have executed a Power of Attorney in favour of the Lender, with respect to the deed of pledge of CCDs, on June 06, 2017. Under this Power of Attorney, the Pledgors have nominated and appointed Reliance Commercial Finance Limited as their lawful attorney to perform actions in terms of the Pledge Agreement

**Key Provisions of Deed of Pledge of Shares:**

1. In terms of Clause 5, any further securities which may/ shall be pledged with the lender, including benefits in respect of Pledged Securities, shall be deemed to be pledged to the lender under this Agreement only.
2. In terms of Clause 8, the Pledgors agrees, undertakes and confirms, *inter alia*:
  - i. That the Lender is legal and beneficial owner of the Pledged securities;
  - ii. That the pledged securities are not encumbered in any manner;
  - iii. That the Lender may require the Pledgors to transfer the Pledged Securities in the Lender's name or its nominees;**
  - iv. That the Lender shall have authority to collect and receive, all dividend, interest, bonus securities etc. arising out of the securities.
  - v. That the Pledgors shall execute a power of attorney in favour of the Lender;
3. In terms of Clause 9, the Pledgors further covenants and agrees, *inter alia*,:
  - i. That all the stamp duties and registration fees, shall be borne and paid exclusively by the Pledgors.
  - ii. That the Pledgors shall not be discharged from the Pledgor's liability until repayment of all dues of the borrower under the Loan Agreement.

**DSNR Note:**

It may be noted that both the Pledge Agreements with respect to Shares and CCDs, issued to Mr. Faizaan Dalal and Ms. Nafisa Dalal, contains various onerous clauses which have been expressly mentioned above.

**Deed of Hypothecation**

Pursuant to Clause 3.1 of the Term Loan Agreement, a Deed of Hypothecation by A B Renewable Energy Private Limited in favour of Reliance Capital Limited, dated March 14, 2017 was executed to create security in favour of the Lender and its future assignees in the following manner:

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- a) First Exclusive charge on the Borrower's book debts, operating cash flows, receivables, commissions, revenues, any other current assets of whatsoever nature and wherever arising, present and future pertaining to the Project;
  - b) First Exclusive charge on entire movable properties of the Borrower, both present and future including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable properties of whatsoever nature pertaining to the Project;
  - c) First charge by way of mortgage by way of deposit of lease deeds/ Lease Agreements/ Right to use/ Rent Agreement etc. on all the immovable properties (owned and leased)/ leasehold or rent rights/ rights to access the site to be used to set up the Project(s) both present and future of the Borrower Company;
  - d) First Exclusive charge on the Trust & Retention Account (TRA) to be opened and maintained in a designated bank for the said Project wherein all the cashflows shall be deposited;
  - e) First charge on Debt Service Reserve Amount (DSRA) to be built up equivalent to two quarter's debt service obligation;
  - f) Pledge of 100% shareholding of Mr. Faizaan Dalal & Ms. Nafisa Dalal in the Borrower Company;
  - g) Pledge of 100% CCDs held by Mr. Faizaan Dalal & Ms. Nafisa Dalal in the Borrower Company;
  - h) Irrecoverable and Unconditional Personal Guarantees of Mr. Faizaan Dalal (NW as on 31.03.2016= Rs.5.45 crore) and Ms. Nafisa Dalal (NW as on 31.03.2016= Rs.6.58 crore);
  - i) Demand Promissory Note for Rs.18.70 Crores to be executed under the common seal along with the Letter of Continuity for the same.

#### **Trust & Retention Account (TRA) Agreement\***

A B Renewable Energy Private Limited (“Borrower”) and Reliance Capital Limited (“Lender”) and Axis Bank Limited (“Account Bank”) have entered into an agreement on March 14, 2017, for the purpose of Axis Bank to act as Account Bank.

#### **DSNR Note:**

\*Clause 2.1- There is a discrepancy in the name of the TRA with the bank, i.e. “ACME Cleantech Solutions Pvt. Ltd. RCL TRA.”



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## Guarantee Agreements and Demand Promissory Note

Personal guarantee has been ensured by Mr. Faizaan Dalal and Ms. Nafisa Dalal (“Guarantors”) for securing the Facility. The guarantors, severally, executed guarantee agreement with Reliance Capital Limited dated March 14, 2017.

Another guarantee agreement (Corporate Guarantee) was executed by Funs Properties Private Limited (“Guarantor”) with of Reliance Capital Limited dated March 14, 2017.

The Company has executed a Demand Promissory Note for Rs.18.70 Crores with the Letter of Continuity for the same dated March 14, 2017.

## Promoters’ Undertaking

The deed of undertaking was executed on March 14, 2017 by Mr. Faizaan Dalal and Ms. Nafisa Dalal (“Promoters” or “Sponsors”) in favour of Reliance Capital Limited (“Lender”) in respect of the obligation of A B Renewable Energy Private Limited (“Borrower”).

Pursuant to Clause 3, the Promoters, unconditionally and irrevocably, undertakes to the Lender and to its successors and assigns, *inter alia*:

- i. To retain the Management Control of the Borrower Company throughout the Loan tenor. After 12<sup>th</sup> months from the date of COD the shares of Vishal Techno Commerce Pvt Ltd (VTCL) shall be transfer to Mr. Faizaan Dalal & Ms. Nafisa Dalal and shall remain with them for the remaining tenor of the Facility.
- ii. To acquire 49% stake in the Borrower Company prior to disbursement and provide updated shareholding pattern prior to the first disbursement.
- iii. To ensure, at all times during the tenure of the loan Facility, the Promoter(s) shall not dispose any of their shares/ share and or holding rights directly or indirectly in their Borrower without prior written intimation to the Lender.
- iv. To convert the CCDs into equity after one year from COD & pledge the increased shareholding to RCL. Post conversion 51% shares held by the Promoters (Faizaan Dalal & Nafisa Dalal) shall be pledge to RCL and 49% pledge of shares shall be released in the following circumstances;
  - a) The base case DSCR is maintained
  - b) No Event of Default has occurred
- v. The Promoters to bring additional funds to cover the shortfall in the Borrower’s funds for repayment of the Facility under any circumstances.

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- vi. To arrange for the security in the form of FD for an amount equivalent to the difference between the amount of collateral security stipulated and the security given against it. Till the balance amount of security is created & perfected by way of mortgage on the immovable properties.

### **Memorandum of Entry for Mortgage by deposit of Title Deeds**

The deed was executed on March 16, 2017 by Mr. Faizaan Dalal, Director of A B Renewable Energy Private Limited with Mr. Nilesh Kshirsagar of Reliance Capital Limited, relating to borrower's leasehold rights on the immovable property and fixed assets situated in village Gurukul Narsan, Tehsil Roorkee, District Haridwar.

- **Property-** Leasehold rights with respect to the Khasra no 2439, 2440, 2330, 2419, 2347, 2387, 2416, 2417, 2369M, 2370, 2442, 2372 etc. admeasuring 3.729 hectares and 2336M, 2337, 2338, 2339, 2340/1M, 2340/2, 2340/3, 2344M, 2320M, 2345M, 2346, 2348M etc. admeasuring 5.322 hectares land in village Gurukul Narsan, Tehsil Roorkee, District Haridwar.

### **Memorandum of Deposit of Title Deeds**

The deed was executed on June 29, 2017 by Mr. Faizaan Dalal, Mr. Shahzad Dalal and Ms. Nafisa Dalal ("Mortgagors") in favour of Reliance Commercial Finance Limited ("Mortgagee") in respect of obligation of A B Renewable Energy Private Limited.

- **Property-** Villa No. 43, admeasuring 412.5 sq. mtrs (Carpet area), equivalent to 4440 sq. ft. and 454.79 sq. mtrs (built up area)/ 418.36 Sq. Mtrs (carpet area), equivalent to 4503 sq. ft. (as per New Act), along with portion of land admeasuring 639.32 sq. mtrs appurtenant to the Villa, in the scheme known as 'Ashok Nirwan' constructed on the land bearing CTS Nos. 167/1 to 167/23 comprising 147, 149, 154/2 and 155, situated at Village Lonavala, Taluka Maval, Dist. Pune within the limits of Lonavala Municipal Corporation.

## CHAPTER C STATUTORY APPROVALS & LICENSES

For the sake of convenience, this chapter is divided into three heads:

- Section C.1 which deals the licenses/approvals/NOCs/consents obtained and provided by the Company;
- Section C.2 which deals with brief background about the applicable statutory provisions;
- Section C.3 which deals with licenses/approvals/NOCs/consents that are generally applicable to related industries, in terms of applicable laws.

S. No.	Nature of License	Issuing Authority	License No. / Registration No.	Acts/Rules	Issue Date	Validity
<b>A. CORPORATE APPROVALS</b>						
1.	Certificate of Incorporation	Registrar of Companies, Maharashtra, Mumbai	U40300MH2011PTC225392	Companies Act, 1956	December 24, 2011	Valid until cancelled
2.	PAN	Income Tax Department, Government of India	AAKCA1081G	Income Tax Act, 1961	December 24, 2011	Valid until cancelled
3.	TAN	Income Tax Department, Government of India	MUMA51714F	Income Tax Act, 1961	January 16, 2017	-
4.	Professional Tax Registration (Form I-A)	Maharashtra Sales Tax Department	27181470660P	Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	March 23, 2017	-

	Service Tax Registration (Form ST-2)	Central Excise Department (Superintendent, Mumbai)	AAKCA1081 GSD001	Finance Act, 1994 and Service Tax Rule, 1994	February 23, 2017	Valid until cancelled
2.	Good and Services Tax Registration (Form GST REG-06)	Central Board of Excise and Customs	27AAKCA108 1G1ZT (Maharashtra)	The Central Goods and Services Tax Act, 2017	September 24, 2017	From July 1, 2017 to N/A
			05AAKCA108 1G1ZZ (Uttarakhand)		September 24, 2017	From July 1, 2017 to N/A
3.	Central Sales Tax (CST) Registration (Form – ‘B’)	Maharashtra Sales Tax Department	(TIN) (Central):- 27181470660C	The Central Sales Tax Act, 1956 and The Central Sales Tax (Registration and Turnover) Rules, 1957	March 4, 2017	Valid from March 3, 2017 until cancelled
4.	Maharashtra Value Added Tax (VAT) Registration (Form – 102)	Maharashtra Sales Tax Department	TIN :- 27181470660V	Maharashtra Value Added Tax Act, 2002	March 04, 2017	Valid from March 3, 2017 until cancelled

S. No.	Nature of License	Issuing Authority	License No. / Registration No.	Acts/Rules	Issue Date	Validity
<b>B. PROJECT RELATED APPROVALS</b>						
1.	Certificate of Commissioning - 5MW Solar Power Plant	Uttarakhand Power Corporation Limited	14/EDD(R)/R	Not Applicable	April 3, 2017	-

**DSNR Note:**

It may be noted that Solar PV Power Projects are not covered under the EIA Notification and accordingly no environmental clearance is required for the same.

Further, with effect from February 2, 2017, no consents are required under Water Act and Air Act in case of White category of industries (this includes solar power generation through photovoltaic cell). However, information to the state pollution control board must be provided. In this regard, the Company has provided an acknowledged copy of the letter dated March 6, 2017 requesting information from the Uttarakhand Environment Protection Pollution Control Board in respect of application for consent to establish/operate.

## **C.2 Brief background about the key applicable statutory provisions**

### **1. Electricity Act**

The Electricity Act, 2003 (“**EA 2003**”) read with Electricity Rules, 2005 (“**ER 2005**”) is a centrally unified legislation relating to the generation, transmission, distribution, trading and use of electricity and has replaced multiple legislations including legislations of 1910 that governed the Indian power sector until the year 2003.

Section 3(1) of the EA 2003 provides that the Central Government shall, from time to time, prepare the National Electricity Policy and Tariff Policy, in consultation with the State Governments and the Authority for development of the power system, based on optimal utilisation of resources such as coal, natural gas, nuclear substances or materials, hydro and renewable sources of energy.

Currently, under section 7 of EA 2003, any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with grid. Approvals from the Central Government, State Government and the techno-economic clearance from Central Electricity Authority are no longer required, except for hydroelectric projects. Generating companies are now permitted to sell electricity to any licensees and where permitted by the respective State Regulatory Commissions, to consumers.

In addition, section 9 of the EA 2003, enables a person to construct, maintain and operate a captive generating plant and dedicated transmission lines without obtaining a license for supply of electricity to a licensee and to a consumer, subject to the regulations made under section 42 (2) of EA 2003.

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Under Rule 3 of ER 2005, a power plant shall qualify to be a ‘captive generating plant’, if not less than 26% of the ownership is held by captive user(s) and not less than 51% of aggregate electricity generated is consumed for captive use.

The ER, 2005 allows a company to own a generating plant/station through a special purpose vehicle subject to compliance with the above stated conditions. In respect of such ownership, the electricity required to be consumed by captive users shall be determined with reference to such generating unit or units, in aggregate, identified for captive use and not with reference to generating station as a whole. Further, the equity shares to be held by captive user(s) in the generating station shall not be less than 26% of the proportionate equity of the company related to the generating unit or units identified as the captive generating plant.

## **2. Factories Act, 1948**

As per the applicable provisions of the Factories Act, 1948 (“Factories Act”), read with the rules framed thereunder, no person can operate a factory till such time it has obtained a license from the designated authorities under the Factories Act. The Factories Act is a central enactment, enforced by the State Governments making the relevant rules to extend the scope and objectives of the Act.

State of Uttarakhand comes under the purview of Uttar Pradesh (Uttarakhand) Factories Rules, 1950 which regulate the factories established and operating in the State of Uttarakhand.

Generally, registration/license under the Factories Act is issued on a yearly basis and is required to be renewed annually. The Factories Act, primarily regulates working conditions of workers in factories and ensures the basic minimum requirements for the safety, health and welfare of factory workers. The Factories Act also regulates the working hours, leave, holidays, overtime, employment of children, women and young person’s etc.

The Factories Act is applicable to all ‘factories’. As per the provisions of section 2(m) of the Factories Act, a ‘factory’ is defined to mean any premises including the precincts thereof wherein ten or more workers are employed on any day of the preceding twelve months and a manufacturing process is carried on with the aid of power; or wherein twenty or more workers are employed on any day of the preceding twelve months and a manufacturing process is carried on without the aid of power.

## **3. Maternity Benefit Act, 1961**

The Maternity Benefit Act, 1961 is an act to regulate the employment of women in certain establishments for certain period before and after child birth and to provide for maternity benefit to its female workmen.

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#### **4. Registration under Contract Labour (Regulation and Abolition) Act, 1970**

The Contract Labour (Regulation and Abolition) Act, 1970 (“Contract Labour Act”) regulates the employment of contract labour in establishments where 20 (twenty) or more workmen are employed or were employed on any day of the preceding 12 (twelve) months as contract labour. The Contract Labour Act also requires every contractor who employs or who employed on any day of the preceding twelve months 20 or more workmen to obtain the prescribed license.

#### **5. Trade Union Act, 1926**

The object of the Trade Unions Act, 1926 (“Trade Union Act”) is to provide for registration of trade unions and to define law relating to registered trade unions in certain aspects. Trade union means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business. It includes federation of two or more trade unions. Thus, technically, there can be a ‘union’ of employers also, though, almost universally, the term ‘trade union’ is associated with union of workmen or employees.

Any 7 (seven) or more members of a Trade Union can apply for registration, by subscribing their names to rules of trade union and complying with the provisions of the Act for registration of a trade union. The appropriate government shall appoint a person as Registrar of Trade Unions for each State. An application for registration is required to be made and signed by at least 7 members. Every such application should be accompanied by rules of the trade union and other required details. Then, the Registrar shall register Trade Union and enter the particulars in the register maintained by him. The trade union shall have a registered office.

#### **6. PAN and TAN under Income Tax Act, 1961**

PAN is a ten-digit alpha-numeric number allotted by the Income Tax Department, Government of India for the purpose of identification. All assessee or taxpayers or persons, who are required to furnish a return of income, must obtain the PAN and quote the same on return of income to be filed with the income tax department.

TAN is a ten digit alpha-numeric number required to be obtained by all persons who are responsible for deducting or collecting tax. It is compulsory to quote TAN in withholding tax returns, payment challans and withholding tax certificates.

#### **7. Environment Laws**

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Environmental laws govern the operation of power plant. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which they are being operated. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities. India has comprehensive environmental protection laws. The legal framework on environment comprises of 4 (four) major statutes viz:

- (a) The Water (Prevention and Control of Pollution) Act, 1974;
- (b) The Air (Prevention and Control of Pollution) Act, 1981;
- (c) Environment Protection Act, 1986; and
- (d) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

The aforesaid statutes/Acts are mainly administered by/through the State Pollution Control Board, which is vested with diverse powers to abate and prevent pollution.

***The Water (Prevention and Control of Pollution) Act, 1974***

As per section 25 of Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”), no person shall, without the consent of the State Pollution Control Board, establish or take any step to establish any industry, operation, process, or any treatment and disposal system or an extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land.

***The Air (Prevention and Control of Pollution) Act, 1981***

As per section 21 of the Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”) no person shall, without the previous consent of the State Pollution Control Board, establish or operate any industrial plant in an air pollution control area.

***The Environment (Protection) Act, 1986***

The Environment (Protection) Act, 1986 is an umbrella legislation designed to provide a framework to the Central Government for coordinating the activities of various Central and State authorities established under the Water Act and Air Act. The said Act provides for severe penalties which not only includes imposition of fine, but also provides for imprisonment of the offender(s). In the case of a company, its officials directly in charge of the company’s business are held liable in case of any violation of the provisions. It is pertinent to note that the Environment Protection Act, 1986 gives authority to the Central Government to issue direct written orders including orders to close, prohibit or regulate any industry, its operation and processes.

***Environment Impact Assessment Notification***



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It may also be noted that the Environment Impact Assessment Notification was issued in the year 2006 (“EIA”) under sub-rule (3) of Rule 5 of the Environment (Protection) Rules, 1986. As per Para 2 of the EIA, prior approval from the State or Central authorities, has to be taken before undertaking any new project or activities listed in the relevant schedule to the notification, any expansion and modernization of existing projects or activities listed in the schedule to this notification, beyond the limits specified for the concerned sector and in case of change in products-mix in an existing manufacturing unit included in the schedule beyond the specified range. As per Entry 1(d) to the Schedule to the EIA, thermal power projects require the clearance of either the Central Government or the State Government, depending upon its capacity.

***The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008***

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (“Hazardous Wastes Rules”) stipulates that every occupier generating, collecting, receiving, treating, transporting, storing and disposing hazardous waste shall make an application to the State Pollution Control Board for the grant of authorization for these activities.

Generally, the approvals granted by the State Pollution Control Board under the applicable statutes are for a specified period and hence, are required to be renewed from time to time.

***The Water (Prevention and Control of Pollution) Cess Act, 1977 (“Water Cess Act”)***

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act.

A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of Rs.1,000 or both and penalty for nonpayment of cess within the specified time includes an amount not exceeding the amount of cess which is in arrears.

**8. The Clean Development Mechanism**

The Clean Development Mechanism, defined in Article 12 of the Kyoto Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol to implement an emission-reduction project in developing countries. Such projects can earn saleable Certified Emission Reduction (“**CER**”) credits, each equivalent to one tonne of CO<sub>2</sub>, which can be counted towards meeting Kyoto Protocol targets.

It is the first global, environmental investment and credit scheme of its kind, providing standardized emission offset instrument, CERs.

A CDM project activity might involve, for example, a rural electrification project using solar panels or the installation of more energy-efficient boilers.

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction or limitation targets.

## 9. The Renewable Energy Certificates (“REC”)

The grant and usage of Renewable Energy Certificates is governed by the Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 read with the Uttar Pradesh Electricity Regulatory Commission (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010.

### C.3 Licenses/Approvals/NOCs/Consents generally applicable to related industries, in terms of applicable laws

S. No.	Nature of License
1.	Central Sales Tax (presently substituted by GST)
2.	VAT Registration (presently substituted by GST)
3.	TIN Number
4.	Industrial Entrepreneur Memorandum (IEM) Registration
5.	TAN Number
6.	Certificate of Inspection during Construction
7.	Boilers License for Operation of a Boiler in a Factory
8.	Contract Labour Registration
9.	Employee Provident Fund Registration
10.	Employee State Insurance Registration
11.	Certification of standing orders
12.	Submission of annual return and maintenance of other registers
13.	Submission of Annual Return and maintenance of other registers

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<b>14.</b>	Submission of forms for opening of establishment, change in the name, address, employer or nature of business and closure of the business.
<b>15.</b>	Submission of the annual return and maintenance of other registers
<b>16.</b>	Factory Related Approvals (for registration) - Approvals of Plans and Registration as a Factory
<b>17.</b>	Consent to operate, no objection certificate
<b>18.</b>	Consent to operate, No Objection Certificate
<b>19.</b>	Environmental Clearance (No objection certificate), Environmental Impact Assessment and submission of Annual Statement
<b>20.</b>	Kyoto Protocol
<b>21.</b>	Ground water pumping, cess for water and submission of monthly returns
<b>22.</b>	Registration Certificate under Building & Other Construction workers' (Regulation of Employment and Condition of Service) – Act 1996
<b>23.</b>	Principal Employer Registration

## CHAPTER D MATERIAL CONTRACTS

### 1. Power Purchase Agreement

Uttarakhand Power Corporation Limited has entered into a Power Purchase Agreement (PPA) with M/s Vishal Techno Commerce Ltd for purchase of entire/ surplus 5MW energy generated by Solar Photovoltaic Power Plant (SPPP) for a period of 25 years on March 29, 2016.

<b>Parties to the Agreement</b>	<ol style="list-style-type: none"> <li>1. Uttarakhand Power Corporation Limited (UPCL) and</li> <li>2. M/s Vishal Techno Commerce Ltd – Solar Photovoltaic Power Plant.(SPPP)</li> </ol>
<b>Date and place of Contract</b>	<p>March 29, 2016</p> <p>Uttarakhand (as per stamp)</p>
<b>Purpose</b>	UPCL to purchase entire/ surplus 5MW energy generated by Solar Photovoltaic Power Plant from M/s Vishal Techno Commerce Ltd.
<b>Consideration/Contract Price</b>	<ul style="list-style-type: none"> <li>• UPCL shall accept and purchase the entire /surplus 5 MW of power made available to make UPCL system from SPPP @ Rs. 5.790 after the bidding process conducted by UREDA. This rate of Sale of Power shall be applicable only if SPPP commissions their plant on or before 31.2.2016. If the Plant is commissioned after 21.03.2016, the rate of sale of power will be as decided by UERC. (Clause 2.1)</li> <li>• (See Amendment) According to <u>Supplementary Agreement to Power Purchase Agreement executed on December 15, 2016: -</u> UPCL shall accept and purchase the entire/ surplus 5MW of power made available to UPCL System from SPPP @ Rs. 5.790 after the bidding process conducted by UREDA. This rate of sale of Power shall be applicable only if SPPP commissions the Plant on/before 31.03.2017. However, if the plant is commissioned after 31.03.2017, the rate shall be decided by UERC if such rates are lower than the tariff agreed to in PPA.(Clause 2.1)</li> <li>• SPPP shall raise monthly bill as per RE Regulations 2013, based on the monthly Joint Meter Reading with the help of MRI</li> </ul>

	<p>of the bill meter installed at interconnection point along with the detailed MRI Report of the meter. The MRI copy shall be certified by the representatives of UPCL and the soft copy of the MRI shall be submitted. (Clause 5.1)</p>
<b>Important Terms and Conditions</b>	<p><b><u>Solar Photovoltaic Power Plant's Rights and Obligation:-</u></b></p> <ul style="list-style-type: none"> <li>• SPPP shall inform in writing to UPCL regarding the maintenance schedule, which shall normally be in the month of July every year, in accordance with the provision of SGC, as revised by the commission from time to time, at least one month in advance. (Clause 3.1)</li> <li>• SPPP developer/owner shall be solely responsible for the Environmental Clearance and compliance of environmental standards. (Clause 3.2)</li> <li>• SPPP shall furnish to UPCL and State Load Dispatch Centre (SLDC), a month-wise Supply Schedule and other information as required in the regulations and SGC. (Clause 4)</li> <li>• SPPP shall own, install, operate and maintain SPPP equipments and associated dedicated transmission line. SPPP shall follow operating procedures on its side with the electric interconnection with UPCL system as are consistent with applicable laws, rules and regulations, and terms and conditions of this Agreement, provisions of SGC and other related guidelines issued by UREC, SLDC and UPCL. (Clause 7.1)</li> <li>• SPPP agrees to make no material changes or additions to, its facility, which may have an adverse effect on UPCL system or amend the single line diagram, relay list and/ or trip scheme given in Annexure I, without UPCL's prior written consent. UPCL agrees that such consent shall not be unreasonably withheld or given. (Clause 7.3)</li> <li>• SPPP shall install, operate and maintain its facility in accordance with accepted prudent utility practices in the electricity industry. SPPP's operation and maintenance</li> </ul>

	<p>scheduled and staffing shall be adequate to meet the standard of all time. (Clause 7.4)</p> <ul style="list-style-type: none"><li>• SPPP shall consult UPCL on the scheme of protection of interconnecting lines and facilities at both ends and accordingly provide the equipments at both ends. The Protection system installed by SPPP shall be tested by UPCL. (Clause 8.7)</li><li>• SPPP and UPCL shall operate and maintain the interconnection and parallel operation facility in accordance with accepted good engineering practices in the electricity industry and the State Grid Code Regulations, State Distribution Code Regulations, CEA (Safety requirements for Construction, Operation &amp; Maintenance of Electrical Plants and Electric Lines) Regulations, 2011, CEA (Technical Standards for construction of Electric Plants and Electric Lines) Regulations, 2010, CEA (Technical Standard for Connectivity in the Grid) Regulations, 2007 &amp; CEA (Measures relating to Safety and Electric Supply) Regulations, 2010 read with their amendments issued from time to time and directions of Director Electrical Safety (GOU) and Safety requirements as specified by the Authority under section 53 of the Indian Electricity Act, 2003. (Clause 8.8)</li><li>• SPPP shall install, at its own cost, interconnection facilities that include necessary protective equipments and interlocking devices, which shall be so coordinated that any malfunctioning in SPPP shall not adversely reflect on or affect UPCL's grid system. In the event of any malfunctioning or abnormality, the system shall be designed to ensure that SPPP's breaker trips first to protect the equipment. SPPP shall obtain prior approval of UPCL, for the protection logic of SPPP system and the synchronization scheme. (Clause 9)</li><li>• SPPP shall be responsible for procurement, installation, testing, maintenance and operation of electrical system installed in SPPP's premise.(Clause 10.1)</li></ul>
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	<ul style="list-style-type: none"><li>• SPPP shall make all arrangements for paralleling the set(s) with UPCL's grid in consultation with and to the satisfaction of UPCL, subject to the approval of the Director of Electrical Safety, Government of Uttarakhand and Central Electricity Authority. (Clause 11)</li><li>• SPPP shall bear the cost of installing new/ additional meter/ metering system. (Clause 14.2)</li><li>• SPPP shall submit daily/monthly/ annual report as per the procedure, specified in SGC as amended from time to time and under the Regulations/ as desired by UPCL. (Clause 18)</li><li>• SPPP shall obtain at its own expense, all authorizations, permits and licenses required for construction, installation and operation of the SPPP's facilities and any interconnection facilities. UPCL shall provide reasonable assistance, including permission, approvals and clearance, to SPPP if so requested by SPPP. (Clause 19)</li></ul> <p><b><u>Uttarakhand Power Corporation Limited's Rights and Obligations :-</u></b></p> <ul style="list-style-type: none"><li>• In case of any dispute regarding the bill raised by SPPP, UPCL shall file a written objection with SPPP within 15 days of receipt of the bill giving full particulars of the disputed item(s), with full details/data and reasons of discrepancies and amount disputed against each item. SPPP shall resolve the above with UPCL within 30 working days. (Clause 5.6)</li><li>• On request, UPCL shall provide reasonable technical assistance to SPPP in preparing the design and specification of the required facility and for laying down the standard operating and maintenance procedures. (Clause 10.1)</li><li>• UPCL shall not be responsible for any damage caused to the electrical system/ generating set of the SPPP on account of errors or defects in the design, procurement, installation, testing,</li></ul>
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	<p>maintenance and operation of the system. (Clause 10.2)</p> <ul style="list-style-type: none"><li>• SPPP shall give at least 60 days advance written notice of the date on which it intends to synchronize a unit of the plant with the grid system, to the Nodal Officer of UPCL (Executive Engineer, Electricity Distribution Division, Roorkee (R) with the copy to the CE (Comml.), Gabar Singh Bhawan, Dehradun. The authorized representative of SPPP and the Nodal Officer of UPCL shall inspect the unit which SPPP intends to synchronize to the Grid System with 7 days after being notified in writing by SPPP about the readiness of the unit for the synchronization with the grid. SPPP shall synchronize its power generating set in consultation with the Executive Engineer, Electricity Distribution Division, Roorkee (R) in-charge of the 33/11 KV Sub-station Gurukul Narsan, Uttarakhand of UPCL and as per provisions of the SGC. UPCL shall not be responsible for the damage, if any, caused to the plant and equipment of the SPPP due to failure of synchronizing or the protective system provided by SPPP. (Clause 12)</li><li>• Metering: SPPP shall supply two identical sets of IAMR and MRI complaint meters, having data recording memory of at least 35 days, with the facility for downloading data to measure the quantity and time details of the power exported from and imported by SPPP, conforming to the specifications approved by UPCL, along with all necessary associated equipments. These meters shall be installed at the interconnection point. It should conform to the technical standards, accuracy and calibration requirements of the Indian Electricity Rules and the specifications of the Bureau of Indian Standards and CEA (Installation and Operation of Meters) Regulation, 2006. (Clause 14.1)</li><li>• UPCL shall test all the metering equipments for accuracy, in the presence of representative of SPPP, if SPPP so elects, at least once every year while the agreement is in force, either party may get the meter to be tested, at their own cost, in the presence of the other party. (Clause 14.5)</li></ul>
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	<ul style="list-style-type: none"> <li>• Designated representatives of both parties shall jointly certify the meter test results, after which it shall be jointly sealed by the representatives of both the parties. (Clause 14.6)</li> <li>• Calibration, inspection and testing of meters and the associated equipments shall be the responsibility of UPCL, who shall bear the related costs. (Clause 14.8)</li> <li>• UPCL's acceptance or approval for equipments, additions or changes to equipments and their operational settings etc., would be required. Such acceptance/approval shall not be unreasonably withheld and an approval shall be conveyed to SPPP within 30 days and shall be based on UPCL's existing policies and practices. (Clause 15)</li> <li>• UPCL may require SPPP to temporarily curtail/ interrupt deliveries of power only when necessary in the following circumstances :- <ul style="list-style-type: none"> <li>a. Repair and/or replacement and/ or removal of UPCL's equipment/ any part of the system that is associated with SPPP's facility</li> <li>b. Engagement of Safety</li> <li>c. Force Majeure conditions</li> </ul> <p>Before disconnecting SPPP from UPCL's system, UPCL shall, except in the case of an emergent situation, give advance intimation to SPPP through telephone/wireless or through other means of communication along with reasons for disconnection, and the likely period of the disconnection. However, subsequent to disconnection, UPCL shall immediately notify SPPP by telephone and confirm in writing the reasons for, and the likely period of disconnection. During the period so notified UPCL shall not be obligated to accept or pay for any power from SPPP. UPCL shall take all reasonable steps to minimize the frequency and duration of such interruption, curtailments and reductions. (Clause 17)</p> </li> </ul>
<b>Term and Termination</b>	<ul style="list-style-type: none"> <li>• Duration: Unless terminated by default described in clause 21, this agreement shall be valid till the expiry of 25 years from the date of commercial operation of the project. The</li> </ul>

	<p>Agreement may be renewed or extended for such period as may be mutually agreed between SPPP and UPCL on expiry of initial term. UPCL reserves the first right of purchase after the expiry of initial term of PPA. (Clause 20)</p> <ul style="list-style-type: none"> <li>Termination is same as under Events of Default clause provided below.</li> </ul>
<b>Events of Default</b>	<p><b><u>Solar Photovoltaic Power Plant's default:</u></b></p> <ul style="list-style-type: none"> <li>(a) Failure on the part of SPPP to use reasonable diligence in operating, maintaining or repairing the SPPP facility, such that the safety of persons and property, UPCL's equipment or UPCL's service to others is adversely affected; or</li> <li>(b) Failure or refusal by SPPP to perform its material obligations under this agreement; or</li> <li>(c) Abandonment of its interconnection facilities by the SPPP or the discontinuance by SPPP of services covered under this agreement, unless such discontinuance is caused by force majeure, or any event of default by UPCL; or</li> <li>(d) Failure by SPPP to abide by all statutory provisions, rules, regulations, directions and conditions for installation operation and supply of power and maintenance of units etc. enforced from time to time by the Union/State Government, UERC or other empowered authorities, including compliance with the SGC; or</li> <li>(e) Failure by SPPP to pay UPCL any amount payable and due under this agreement within 60 (sixty) working days of the demand being raised.</li> </ul> <p><b><u>Uttarakhand Power Corporation Limited' s Default when:</u></b></p> <ul style="list-style-type: none"> <li>(a) Failure to pay to SPPP any amount payable and due under this agreement within 60 (sixty) working days of the receipt of the complete monthly purchase bill as defined in Clause. 5 of this agreement or</li> <li>(b) Failure to use reasonable diligence in operating maintaining or repairing UPCL's 33/11 KV Sub Station Gurukul Narsan, Uttarakhand such that the safety of persons or property in general or SPPP's equipment or personnel are adversely affected; or</li> <li>(c) Failure or refusal by UPCL to perform it's material obligation under this agreement; or</li> <li>(d) Abandonment of its interconnection facilities by UPCL or the</li> </ul>

	<p>discontinuance by UPCL of services covered under this agreement unless such discontinuance is caused by force majeure or an event of default by SPPP</p> <p>(e) except for failure to make any payment due, within 60 (sixty) working days of receipt of the monthly purchase bill if an event of default by including non-payment of bill, either party extends beyond a period of 60 (sixty) working days after receipt of written notice of such event of default from the non-defaulting party, then the non-defaulting party may at its option, terminate this agreement by delivering written notice of such termination to the party in default.</p> <ul style="list-style-type: none"> <li>• Failure by either UPCL or SPPP to exercise any of its right under the agreement shall not constitute a waiver of such rights neither party shall be deemed to have waived the performance of any obligation by the other party under this agreement unless such a waiver has specifically been made in writing and approved by the UERC.</li> <li>• UPCL reserves the right to terminate this agreement upon one month's notice to SPPP, if SPPP's facility fails to commence production of electricity electric power within 3 months from the plant commercial operation date mention in Annexure 1. (Clause 21)</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• This Agreement may not be assigned by either UPCL or SPPP without the consent in writing of the other party, except that either party may assign its right under this Agreement, or transfer search rights by operation of law, to any corporation with which or into which such party shall merge or consolidate or to which such party shall transfer all or substantially all of its assets provided that such assignee or transferee shall expressly assume in writing delivered to the other party to this Agreement, all the obligation of the assigning or transferring party under this Agreement. (Clause 25)</li> <li>• According to the amendment in <u>Supplementary Agreement</u> to Power Purchase Agreement executed on 15<sup>th</sup> December, 2016:- In accordance with Clause 25 of the Original Power Purchase Agreement and NoC issued by UREDA, the said Original PPA signed with M/S Vishal Techno Commerce Ltd has been assigned to M/s AB Renewable Energy Pvt Ltd., on</li> </ul>

	29.03.2016, with all the rights under the PPA.
<b>Indemnification</b>	<ul style="list-style-type: none"> <li>• SPPP shall indemnify, defend and render harm free, UPCL, its members, directors, officers, employees and agents and their respective heirs, successors, legal representatives and assignees, from and against any and all liabilities, damages, costs, expenses (including attorneys fees), losses, claims demands, actions, causes of actions, suits and proceedings of every kind, including those for damage to property of any person or entity (including SPPP) and/or for injury to or death of any person (including SPPP's employees and agents), which directly or indirectly result from or arise out of/ in connection with negligence or will full misconduct of SPPP. (Clause 24.1)</li> <li>• UPCL shall indemnify and render SPPP, its directors, officers, employees and agents and their respective heirs, successors legal representatives and assignees harmless from and against any and all liabilities, damages, costs expenses (including outside attorney fees) losses, claims, demands, actions, causes of actions, suits and proceedings of every kind, including those for damage to the property of any person or entity (including UPCL) and/or injury to or death of any person (including UPCL's employees and agents), which directly or indirectly result from or arise out of/in connection with negligence or willful misconduct by UPCL.(Clause 24.2)</li> </ul>
<b>Jurisdiction &amp; Governing Law</b>	<p>Indian Law.</p> <p>This Agreement shall be governed by and construed in accordance with the laws applicable in the State of Uttarakhand. (Clause 37)</p>
<b>Dispute Resolution</b>	<ul style="list-style-type: none"> <li>• In the event of any dispute or difference between the parties concerning performance of this agreement, the following provisions shall apply:</li> </ul> <p>(a) Executive Engineer, Electricity Distribution Division, Roorkee on behalf of UPCL and, the authorised representatives of SPPP would be empowered to indicate explicitly the nature and material particulars of the dispute/ dissatisfaction and the relief sought and serve notice thereof</p>

	<p>on the other, with copy to the UPCL's Superintending Engineer, Electricity Distribution Circle, Haridwar under whose jurisdiction SPPP is located.</p> <p>(b) On receiving such information the Superintending Engineer, Electricity Distribution Circle, Haridwar of UPCL in which SPPP is located, shall be required to personally meet the authorised representatives of SPPP and the Executive Engineer, Electricity Distribution Division, Roorkee at his own office separately and/or together within 15 (fifteen) days of the date of receipt of such notice, and attempt in good faith to resolve the dispute to the mutual satisfaction of the two parties, within the stipulations dictated by the letter and spirit of this agreement.</p> <p>(c) If the dispute is not resolved within 30 (thirty) days of the date of receipt of the notice described in clause (a) above, the matter may be referred by either or the both above designated officers of the two parties to the UPCL's Chief Engineer (Commercial), UPCL, V. C.V. Gabar Singh Bhawan, Kanwali Road, Dehradun with information to the Chief Executive of SPPP. Within 15 days of receipt of such notice the Chief Engineer, (Commercial) and the Chief Executive of SPPP would be required to meet at the former's office and endeavour to settle the dispute within a further period of 30 (thirty) days i.e within a total period of 45 (forty-five) days from the initial date of receipt of notice by the Superintending Engineer, EDC, Haridwar, UPCL.</p> <p>(d) If the said dispute/ dissatisfaction remains unresolved, either party can file a petition before UERC, whose decision will be final and binding on both the parties. UERC shall be empowered to determine the exact nature and modalities of the procedure to be adopted in resolving the matter. (Clause 23)</p> <ul style="list-style-type: none"><li>• In case, the dispute is not resolved within 30 working days as provided in Clause 5.6 and it is decided to proceed with arbitration as per Clause 23 of this Agreement, then UPCL shall pay 100% of the disputed amount forthwith and refer the dispute for arbitration as provided in this Agreement. The amount of excess/shortfall with respect to the said disputed amount of final award of arbitration shall be paid, but in case</li></ul>
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	of excess, the adjustment shall be made with interest at rate 1.25% per month from the date on which the amount in dispute was refundable by SPPP to UPCL. (Clause 5.7)
<b>Stamp Duty &amp; Registration</b>	INR 100 stamp duty
<b>Penalty Clause</b>	<ul style="list-style-type: none"> <li>• The Project developed on conventional Solar PV technology should have a minimum CUF of 12% in any given contract year. In case the developer fails to supply energy pertaining to minimum CUF in a contract year, then the developer shall pay a penalty equal to 10% of the project tariff to UPCL, for shortfalls in units. Further if the developers achieve the CUF greater than 22% for Solar PV in any given contract year, the applicable Tariff shall be 50% of the project tariff for such additional generated power above the 22% CUF from the developers. (Clause 2.5)</li> <li>• For default in payment beyond 60 days from the billing, a surcharge at the rate of 1.25% per month or part thereof shall be levied on the billed amount. (Clause 5.4)</li> </ul>
<b>Other relevant clauses</b>	<ul style="list-style-type: none"> <li>• Any party may invoke the clause of Force Majeure and shall be excused from whatever performance is prevented by such an event, to the extent so prevented, and such party shall not be liable for any damage, sanction or loss for not performing such obligations. The party invoking this clause shall satisfy the other party of the occurrence of the event, by giving written notice, within seven days of occurrence of the event. The payment shall not be withheld on the grounds of force majeure. (Clause 26)</li> <li>• Each party represents and warrants: each party has necessary rights, powers and authority to execute, deliver and perform the agreement, which shall not be in violation of law or result in any breach of any government authority. No consent of any person/ entity who is not a party to this agreement, including governmental authority is required for execution, delivery and performance of the project. All necessary consents have been</li> </ul>

	<p>either obtained or shall be obtained in the future as and when they become due. (Clause 27)</p> <ul style="list-style-type: none"><li>• UREDA shall act as a nodal agency for implementing this Agreement. (Clause 29)</li><li>• Any waiver, alteration, amendment or modification of this Agreement shall not be valid unless it is written and signed by both the parties and approved by UERC. (Clause 30)</li><li>• No delay or forbearance by either party in the exercise of any remedy/ right will constitute a waiver thereof. (Clause 34)</li><li>• The parties agree that no party shall be deemed to be the drafter of the Agreement, so that no inference can be drawn against either party on account of this agreement. Both the parties have contributed substantially and materially to the preparation of this agreement. (Clause 38)</li><li>• <b>INTERCONNECTION FACILITIES:</b> Interconnection facility is subject to the feasibility of connection at the respective Sub-station provided by Executive Engineer, Concerned Division. In case of change of location of the SPPP, the developer shall inform within 15 days of finalization of land for the plant in writing to the office of Chief Engineer, Commercial, UPCL and to the Executive Engineer, concerned Division of UPCL subsequently UPCL shall provide feasibility report for the new location within 30 days. Power from SPPP shall be transmitted at 33KV voltage and to the 33/11 KV Sub-Station Gurukul Narsan, Uttarakhand owned, maintained and operated by UPCL. The cost of laying the transmission line up to the 33/11 KV Sub-station Gurukul Narsan, Uttarakhand owned, maintained and operated by UPCL shall be borne as per clause 39(2) of the UERC Regulation, 2013 by the owner. Technical standards for construction of electrical lines and connectivity with the grid shall be governed as per clause 39 (1) of the same Regulation.</li></ul>
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	<p>Maintenance of terminal equipment at the generating end and the dedicated transmission line owned by such generating station and maintenance of the terminal equipment(s) at the 33/11 KV Sub-station Gurukul Narsan, Uttarakhand shall be as per clause 40 of the aforementioned regulations.</p> <p>Any work to be done by SPPP shall be taken up only with a specific approval and on the basis of approved drawings and specification from UPCL which has to approve or otherwise shall be conveyed to the SPPP within 30 days by UPCL and in compliance with the safety requirements as per the SGC. On the completion of work, final approval shall be obtained from UPCL before charging the line. SPPP shall obtain all statutory clearances/approvals required for this purpose.</p> <p>SPPP shall consult UPCL on the scheme of protection if the interconnection line(s) and the facilities at both ends and accordingly provide the equipments at both ends. The protection system, installed by SPPP shall be tested by UPCL. (Clause 8)</p>
<b>Amendments</b>	<p>A Supplementary Agreement (SUP-PPA) which was entered into on December 15, 2016 at Uttarakhand had the following important additions :-</p> <ul style="list-style-type: none"> <li>• <u>Clause 1.5 of the Original Power Purchase Agreement</u> shall be substituted by the following :-“‘Energy Account Month’ means period from 00 hrs of 1st day to 24hrs of last day of the billing month”</li> <li>• The definition of “Inter-connection Point” in Clause 1.15 of the Original Power Purchase Agreement was amended on 15<sup>th</sup> December 2016 <ul style="list-style-type: none"> <li>- “Inter connection Point”, in respect of all the RE based generating stations, except Grid Interactive Roof Top and Small PV Solar Power Projects, shall mean interface point of renewable energy generating facility with the transmission system/ distribution system which shall be line isolator on outgoing feeder on HV side of generator transformer.</li> <li>- “Inter connection Point”, in respect of Grid Interactive Roof Top and Small Solar PV Power Projects shall mean the interface of solar power generation facility under net metering arrangement with the network of licensee and shall normally</li> </ul> </li> </ul>



	<p>be the point where export/import meter is installed to measure the energy transfer between the licensee and the eligible consumer.</p> <ul style="list-style-type: none"> <li>• Clause 2.1 of the Original Power Purchase Agreement was amended on 15<sup>th</sup> December, 2016 :- <ul style="list-style-type: none"> <li>- UPCL shall accept and purchase the entire/ surplus 5MW of power made available to UPCL System from SPPP @ Rs. 5.790 after the bidding process conducted by UREDA.</li> <li>- This rate of sale shall be applicable only if SPPP commissions the plant on/before <u>31.03.2017</u>. However, if the plant is commissioned after 31/03/2017, the rate shall be decided by UERC for the year of commission, if such rates are lower than the tariff agreed to in PPA. Otherwise, the rate agreed in PPA shall be applicable.</li> </ul> </li> <li>• In accordance with Clause 25 of the Original Power Purchase Agreement and NoC issued by UREDA the said Original PPA signed with M/S Vishal Techno Commerce Ltd has been assigned to M/s A B Renewable Energy Pvt Ltd., on 29.03.2016, with all the rights under the PPA.</li> </ul>
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#### DSNR Note:

It is to be noted that according to the SUP-PPA, (i) UREDA vide letter no. 2263/UREDA/03(1)-334-6/Solar Policy (181.40 MW)/ 2016-17 dated December 07, 2016 (Annexure 1) issued NOC for transferring the PPA to the subsidiary of VTCL, i.e. the Company (“NOC”) and (ii) the PPA has been assigned to the Company. However, (i) the NOC states that the RFP equity lock (such lock in must be maintained for a period of one (1) year from the date of supply of power) in as per clause 2.25 of the RFP must be adhered to; and the assignee (the Company) expressly assumes in writing, delivered to UPCL, all the obligations of the bidder company (VTCL). It may be noted that the Company is neither a party to the SUP-PPA nor any other agreement has been executed between the Company and UPCL. Accordingly, it is suggested that a separate tripartite agreement is executed amongst the Company, UPCL and VTCL which expressly provides for the assignment of the rights of VTCL to the Company. Further, based on the terms of the NOC, we would require in writing and delivered to UPCL wherein the Company expressly assumes all the obligations of the bidder company (VTCL).

Further, as per the SUP-PPA, the PPA was approved by the UREDA vide order dated July 29, 2016 with further changes which have been incorporated in SUP-PPA (Order 1) and the Commissioning Date has been extended from October 30, 2016 to March 31, 2017 which has been incorporated in SUP-PPA vide order dated September 20, 2016 (Order 2). In this regard the Company has informed that they will be providing us Order 1 and Order 2 and all other documents which are required to ensure conclusive assignment of the PPA in favour of the Company.

## 2. Engineering, Procurement And Construction Contract

A B Renewable Energy Pvt Ltd had entered into a (Revised) Engineering, Procurement and Construction (EPC) contract with Sure Energy Private Limited on December 16, 2016. The main terms of the said contract are stated below:

<b>Parties to the Agreement</b>	(1) A B Renewable Energy Pvt Ltd (“Developer”) (2) Sure Energy Systems Private Limited (“Contractor”)
<b>Date and place of Contract</b>	December 16, 2016 Maharashtra (as per Stamp)
<b>Purpose</b>	The Agreement has been executed between the Parties for engineering, procurement, construction, testing and commissioning of the Project (5 MW AC (6.25 MW DC) Solar PV Power plant at the Purchaser’s site located at village Narsan Kala, Roorkee Tehsil, Uttarakhand, wherein the Contractor will carry out the same.
<b>Term and Termination</b>	<ul style="list-style-type: none"> <li>• Term: - shall commence from the Effective Date till the completion of 1 year from the Commissioning Date (both days included) unless terminated earlier. (Article 1(ii))</li> <li>• The Developer shall have the right to terminate this Agreement by written notice to the Contractor :- if the Contractor fails to commence the work of the Project in accordance with the terms and conditions of the Agreement ; or in the case the Contractor fails to adhere to the timelines given in the Project Schedule/ time schedule ;or when the Contractor commits a breach of any of the terms and conditions of the Agreement and further fails to cure the same within 30 days from receiving the notice in writing for the same. The Developer may also terminate the Agreement, by written notice to the Contractor, pursuant to Article 14(force majeure). (Article 13.1)</li> <li>• Either party may terminate the Agreement, if the other Party institutes legal proceedings for its winding up, liquidation, bankruptcy, reorganization or dissolution or when the court issues a winding up/ bankruptcy order in respect of the other party.</li> </ul>

	<p>The Contractor may terminate the Agreement, after giving 2 months prior notice in writing to the Developer, if the Developer fails to make payment against three consecutive bills. It is however clarified that the contractor shall not have the right to terminate if Developer clears the undisputed payments within 1 month of receipt notice from Contractor. (Article 13.2)</p> <ul style="list-style-type: none"> <li>• In the event of termination, the contractor shall: - <ul style="list-style-type: none"> <li>i. Immediately discontinue the work on the project</li> <li>ii. Place no further order of Goods or Services.</li> <li>iii. Promptly makes every reasonable effort to procure cancellation, unless Developer elects to take assignment of any such contracts</li> <li>iv. Assist Developer in the maintenance, protection and disposition of the work in progress of the Project</li> <li>v. Cooperate with Developer for the efficient transition of the work of the project to another contractor or developer</li> <li>vi. Cease to have access or delay.(Article 13.3)</li> </ul> </li> <li>• Upon termination each Party shall return to the other Party all documents, confidential information and other material belonging to the other Party. Termination or expiry of this agreement shall not affect the rights and liabilities of the Parties especially the warranties and guarantees provided by the contract.(Article 13.3)</li> <li>• In the event of Force Majeure, the Contractor shall inform the Developer, within 48 hours of the happening of the force majeure event. In case the event last for more than 30 days, Developer shall have the right to terminate this Agreement.(Article 14)</li> <li>• The waiver by either Party of a breach of any provision of this Agreement in any one instance shall be in writing and shall not be deemed to be continuing waiver or waiver of any subsequent breach unless the written notice so provides. (Article 18(viii))</li> </ul>
<b>Consideration/Contract Price</b>	<ul style="list-style-type: none"> <li>• The Developer shall not be liable to pay/ reimburse any other cost/ expenses to the Contractor, except for the Contract Price as detailed in Annexure C. (Article 6.1)</li> <li>• The total cost of comprehensive EPC is Rs. 8,75,00,000 (Rupees Eight Crores seventy five lakhs only). The Payment</li> </ul>

	<p>of Rs 26,50,25,000 (Rupees Twenty- Six Crores Fifty Lakhs Twenty-five Thousand Only) shall be made upon submission of an invoice by the Contractor with the Developer, describing the delivered Goods and Services.</p> <ul style="list-style-type: none"><li>• The Contract Price is inclusive of Central Sales Tax and Service Tax. All payments shall be subject to deduction of tax at source as per the prevailing income tax laws. (Article 6.3(i))</li></ul>
<b>Assignment</b>	<ul style="list-style-type: none"><li>• This Agreement shall not be binding upon the Parties and their respective successors and permitted assigns, except that it may be assigned by transfer, by operation of law or otherwise, without prior written consent of the non-transferring Party, and the non-transferring party shall not unreasonably withhold such consent.(Article 18)</li></ul>
<b>Important Terms and Conditions</b>	<p><b><u>Developer's Acknowledgement and Obligations :-</u></b></p> <ul style="list-style-type: none"><li>• Developer acknowledges and agrees that the Contractor intends to have portion of the project accompanied by the sub-contractor, provided that such subcontractors shall be appointed after prior written approval by the Developer.(Article 2.3(i))</li><li>• Developer reserves the right to increase and decrease the Scope of Work or to change the nature of work of the project under this Agreement. Parties agree that if there is a change/ modification in the Scope of Work, then the Parties will first discuss and mutually agree on the increase/decrease in the Contract Price. (Article 3.1(iii))</li><li>• Developer shall make timely payment of the Contract Price. (Article 4.1)</li><li>• The Developer shall obtain all the necessary approvals to allow the Contractor the access and right to use the site to work on the Project including singular rights, liberties, privileges, easements and appurtenances. Such access shall be sufficient to permit Contractor to progress with construction on a continuous basis without material interruption by others. Expressly agreed that the aforesaid</li></ul>

	<p>right granted hereunder shall terminate automatically and forthwith, without the need for any action to be taken by developer upon completion of the Project or expiry or earlier termination of this Agreement for any reason whatsoever. (Article 4.2)</p> <p><b><u>Contractor's Acknowledgement and Obligations :-</u></b></p> <ul style="list-style-type: none"> <li>• The Contractor acknowledges that the Developer will hire Owner's Engineer to verify designs and define quality of construction for the site. Contractor should cooperate in sharing all the relevant documents, samples etc. by the OE to verify the quality. (Article 2.4(i))</li> <li>• The Contractor shall ensure the design and construction is as per the satisfaction of the OE. In case of any discrepancy the same shall be discussed with the Developer, where the Developer shall have the final say in the subject. (Article 2.4(ii)).</li> <li>• The Contractor agrees that it will not have any right to claim or see an increase in the Contract Price or an adjustment to the Project Schedule with respect to inadequate/incomplete/inaccurate information with reference to the agreement. The contractor waives and releases Developer against all claims. The Developer makes no guaranty/warranty, express or implied, as to the accuracy/ inadequacy or completeness of any information. (Article 2.5(i))</li> <li>• The Contractor acknowledges that it is sufficiently familiar with the site (to the extent related to Project) to perform its obligation. (Article 2.5 (ii))</li> <li>• The Contractor shall at its own cost provide and ensure continued effective supervision of the Project along with its representatives, assisted by, <i>inter alia</i>, qualified, experienced and competent engineers, supervisors, safety officers, safety stewards and adequate staff, to the satisfaction of the Developer for the entire duration of the project. Contractor's</li> </ul>
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	<p>personnel should be at their best behavior and adhere to the policies and procedures of the Developer. Contractor shall not cause any interference, annoyance, nuisance, obstruction, or any difficulty to the Developer, Owner or its employees at the site, except when it is reasonable and obligatory under this agreement. The contractor shall be liable to recover the loss or damage to the Developer. He shall be solely liable and responsible for the safety of its personnel and Developers shall have no liability/ responsibility towards the same. The Contractor shall at all times carry and provide adequate and sufficient insurance cover for loss or damage to material property/ bodily injury/ death to the personnel arising out of the consequence of performance under this agreement. (Article 2.2)</p> <ul style="list-style-type: none"><li>• The Contractor shall be responsible to Developer for the acts and omission of sub-contractors and persons directly or indirectly employed by the sub-contractor. The work of any sub-contractor in relation to the Project shall be subject to inspection by Developer to the same extent as the work of the Contractor. (Article 2.3)</li><li>• The Contractor agrees that the execution of the Project will include any incidental work and services that shall be necessary to complete the Project in accordance with the applicable law, applicable codes and standards and other terms and provision of the Agreement, excluding only those items which Developer has specifically agreed to provide under the terms of the Agreement. (Article 3.1 (ii))</li><li>• Contractor shall procure, at its expense, all necessary Permits, certificates and licenses required under the applicable laws. Contractor shall provide Developer the copies of such Contractor Permits. Contractor shall also provide assistance and information as required by the Developer. The Contractor shall procure the safety clearance from Chief electrical Inspector and No Objection- certificate (NOC) from Bangalore Electricity Supply Company. (Article 3.4)</li></ul>
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	<ul style="list-style-type: none"><li>• The Contractor shall provide comprehensive maintenance at regular intervals for a period of 2 months from the Commissioning Date without charging any additional cost to the Developer. (Free maintenance Period) The Contractor shall provide all the required documents along with the detailed list of spares and consumables with their respective prices that may be required for maintaining the Project. (Article 3.5)</li><li>• Contractor shall furnish all the construction equipment along with compliance permits for timely and safe completion of the project. The Contractor shall, at its own cost, install the equipment and the other entire infrastructure that may be required for the completion of the project under the Agreement. The Contractor shall also augment its manpower, plant &amp; machinery to the Developer, free of cost, as and when required for the project under the Agreement. (Article 3.6)</li><li>• The Contractor is responsible for performing its obligations in a safe and physically secure manner, as safety and physical security are of paramount importance. The Contractor and Sub-contractor shall be liable to ensure and implement all safety measures in relation to or in connection with the Project. (Article 3.7)</li><li>• The Contractor shall comply with the following obligations :-<ul style="list-style-type: none"><li>i. design for the Developer the blue prints for the 5MW AC (6.26MW DC) Solar PV Plant.</li><li>ii. procure, pack, supply, transport, handle, properly store, assemble, erect and install all Goods required for or relation to the project under the agreement.</li><li>iii. provide construction, construction management, inspection and quality control services required for the proper performance of the project.</li><li>iv. contractor shall be responsible for the completeness of Goods. The Contractor shall provide any equipment, fittings and accessories, not mentioned in the specification</li></ul></li></ul>
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	<p>or drawing but which are usual / necessary for the satisfactory functioning of the equipments.</p> <p>v. ensure that the work of the project is completed within the timelines.</p> <p>vi. ensure that the Goods supplied under the Agreement shall conform to the Applicable Codes and Standards and also ensure the high quality.</p> <p>vii. conduct Tests as may be required by the Developer or as may be mutually agreed to between the Parties.</p> <p>viii. furnish hard copies and electronic copies of all technical documents which once submitted by the Contractor shall be considered as final and not be subject to any further changes.</p> <p>ix. contractor shall provide a written intimation to the Developer, well in advance if the work is likely to be disturbed/ disrupted or delayed due to non-issuance of drawings/ specification/ Developer's instructions/ directions/ approval.</p> <p>x. ensure that the Project is commissioned and obtain necessary certification from Chief Electrical Inspector. (Article 3.2)</p>
<b>Indemnification</b>	<p>Notwithstanding anything contained elsewhere in this agreement, Contractor shall indemnify the Developer, owner and purchaser against and hold the Developer, owner, purchaser and its employees and representatives harmless from and against any loss, expenses or damages (including court fees and reasonable attorneys fees and expenses) arising directly or indirectly out of or in relation with:</p> <p>(a) Contractor's (including Contractor's personnel, workmen, agent representative and subcontractors) breach of its obligation and/or representations and/or warranties and/or any other terms of this Agreement;</p> <p>(b) any claims by any person (including Contractor's personnel, workmen, agents, representatives and Subcontractors) with respect to personal injury or death or damage to property, attributable to the acts or omission or negligence of the Contractor including contractor's personnel, workmen, agents, representatives and subcontractors;</p> <p>(c) any claim for payment of compensation, salary, retirement benefits, or any other fringe benefits asserted by any of Contractor's or subcontractor's personnel or their heirs or representatives;</p> <p>(d) any claim that the Goods and Services, or any part thereof,</p>

	<p>infringe a patent trademark or other Intellectual Property right of any third party;</p> <p>(e) any statutory violation of the Contractor including Contractor's personnel, workmen, agent, representative and Subcontractors;</p> <p>(f) any damage, personal injury and/or death arising of or in relation with the Project and /or by any loose solar panel and/or associated structure set up on the roof.</p> <p>(g) breach of confidentiality to the Contractor including Contractor's personnel, workmen, agent, representatives and Subcontractors; and/or</p> <p>(h) any claim from any Statutory Authority arising out of or in relation with the act/or omissions of the Contractor including Contractors' personnel, workmen, agents, representatives and Subcontractors.</p> <p>Developer's right to indemnify under this section is in addition to and not in derogation of any other rights and remedies available to the developers, under this agreement and or under Applicable laws. (Article 15)</p> <ul style="list-style-type: none"> <li>Contractor shall be responsible to the Developer for the acts and omissions of subcontractors and of persons directly/ indirectly employed by such contractors in the performance of the Project. The work of the subcontractor shall be subject to inspection by the Develop to the same extent as the work of the Contractor. (Article 2.4(iv))</li> </ul>
<b>Secrecy/ Non-disclosure</b>	<ul style="list-style-type: none"> <li>Receiving Party ensures that none of its personnel, employee, representative, agent, etc. will try to have, any access, reach/ possession of any information pertaining to the Disclosing Party save and except that provided by the Disclosing Party or otherwise agreed upon under this agreement. Such information as is provided by the Disclosing Party to Receiving Party to be kept strictly confidential save and except where permitted to the contrary through prior written approval by the Disclosing Party. Any contravention of the present clause shall be taken to be a material breach of the contract rendering this Agreement to be terminated forthwith by the Disclosing Party.</li> <li>Receiving Party understands and acknowledges that any disclosure/ misappropriation of any confidential information in violation of this Agreement may cause Disclosing Party irreparable harm, the amount of which may be difficult to</li> </ul>

	<p>ascertain, and therefore agrees that the Disclosing Party will have the right to apply to the court of competent jurisdiction for specific performance/ restraining order/ enjoying any such further disclosure/ breach and for such other relief as the Disclosing Party shall deem appropriate.</p> <ul style="list-style-type: none"><li>• In the event the Receiving Party is requested or required by court summons, civil investigation demands, interrogatories or other similar process to disclose information supplied by or pertaining to the Disclosing Party to the respective authority by prompt notice of such request in writing to Disclosing Party.</li><li>• The Receiving Party hereby expressly undertakes to ensure that any Sub receiving Party appointed by the Receiving Party, pursuant to the terms of this Agreement and particularly in this clause with respect to all Confidential Information.</li><li>• Without limiting the above, Contractor and any sub-contractor to the Contractor shall not issue any press release or other public statement or claim credentials or experience relating to this Agreement without obtaining the prior written consent of the Developer. (Article 17)</li></ul>
<b>Jurisdiction &amp; Governing Law</b>	<ul style="list-style-type: none"><li>• This Agreement shall be construed, interpreted and applied in accordance with and be governed by the laws of Republic of India.(Article 16.1)</li><li>• The courts at Mumbai shall have the exclusive jurisdiction to entertain any dispute or proceedings arising out or in relation to this Agreement.(Article 16.3)</li></ul>
<b>Dispute Resolution</b>	<ul style="list-style-type: none"><li>• Any dispute controversy disagreements arising out of or in connection with this Agreement shall be resolved and finally settled in accordance with the provisions of the Arbitration and Conciliation Act, 1996 as may be amended from time to time or its re-enactment. The Arbitral Tribunal shall be composed of 1 arbitrator to be appointed by mutual agreement between both the parties and such arbitration shall take place in New Delhi, India. In case the parties fail to appoint a sole arbitrator within 30 days either party may approach the Hon'ble Court of proper jurisdiction for its appointment.( Article 16.2)</li><li>• The courts at Mumbai shall have the exclusive jurisdiction to</li></ul>

	entertain any dispute or proceedings arising out or in relation to this agreement. Either party may resort to judicial process for injunction or other equitable relief from a court, if necessary to prevent serious and a repairable injury. (Article 16.3)
<b>Penalty Clause</b>	<ul style="list-style-type: none"> <li>• If the Project is delayed beyond the Commissioning Date, due to reasons attributable to the Contractor, the penalty payable by the Contractor shall be 3% per week of the total contract price for delay subject to maximum of 5% of uncompleted contract price. It is to be noted that the tariff for the plant may be revised post 31.03.2017; contractor will have to make good any loss incurred due to the delay in the project. (Article 11)</li> </ul>
<b>Other relevant clauses</b>	<ul style="list-style-type: none"> <li>• “Engineer” or “Engineer – in Charge” of the Project Site shall mean the person designated from time to time by the Developer and/or Owner and shall include all those who are expressly authorised by the Developer and/ or owner to act for and on Developer’s behalf for operation of this Agreement. (Article 1 (K))</li> <li>• “Final Acceptance” shall mean the Developer’s written acceptance of all the work performed under the Agreement after successful completion or performance and guarantee test. (Article 1 (I))</li> <li>• The contractor shall within 2 days of the Start Date, commence the work on the Project in accordance with the terms and condition of the Agreement.(Commencement of Work - Article 5.1)</li> <li>• The Contractor agrees to timely handover the project to the Developer after timely performing the work of the project in accordance with the term and condition of the Agreement given in Article 5.2.(Article 5.2)</li> <li>• The Contract Price is inclusive of Central Sales Tax and Service Tax. All payments shall be subject to deduction of Tax at source as per the prevailing income tax laws. Developer shall</li> </ul>

	<p>issue a withholding certificate to enable the contractor to take credit for the same.</p> <p>Developer shall issue C-form/ any other concessional tax form as required under the sales tax laws. If the Developer fails to provide the same, the Contractor shall charge the differential tax to the Developer.</p> <p>Any foreign currency variation risk is in the scope of the Developer through the entire duration of the Agreement. The billing will be done as per the actual billing rates prevailing on the date of other placements. Exchange rates used to calculate the Contract Price is 1 USD = INR 68, 1 EUR = INR 74. (Article 6.3 – Taxes and Duties)</p> <ul style="list-style-type: none"> <li>• In consideration of the payment made by the Developer, the Contractor warrants and confirms that the Developer shall have legal title to and ownership of all and any of the portions of the Project and the Contractor shall have no right/title to the same. (Article 7- Title, risk of loss and third party rights)</li> <li>• It is obligatory for the Contractor to obtain and retain for all relevant times the insurance cover (in the joint name of Contractor, the Developer, and the owner), at its own cost, under the following policies: <ul style="list-style-type: none"> <li>i. Contractor's all risk insurance policy, <i>inter alia</i>, covering - third party Insurance (to cover any damage to the third party) and damages arising out of the civil commotion, riots, war and other disturbances.</li> <li>ii. Policy to cover contractor's liability under Workmen Compensation Act 1923, Minimum Wages Act 1948, Contract Labour Act 1970 and other applicable labour laws.</li> <li>iii. Insurance cover against damage or loss due to any reason in respect of Goods material equipments for other work done in the project, and</li> <li>iv. Transit Risk Insurance - all Goods supplied under the contract shall be fully insured in a free convertible currency against loss or damage incidental to manufacture or acquisition transportation storage and delivery.</li> </ul> </li> </ul> <p>The Contractor shall produce to the Developer all certificate of insurance within 15 days from the date of execution of this Agreement. (Article 8 - Insurance)</p>
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	<ul style="list-style-type: none"> <li>• Guarantee, Warranty and Performance bank Guarantee (Article 10) <ul style="list-style-type: none"> <li>- <u>Plant Performance Guarantee</u> - Contractor shall guarantee that the performance of the Solar PV Plant of the project supplied under the Agreement shall be strictly in conformity with the specifications and shall perform the duty specified under the Agreement. The contractor shall investigate the causes and carry out necessary rectifications or modifications or replacements but it own cost to achieve the guaranteed Performance Ratio. If the Contractor fails to prove the guarantee within a reasonable period, the Developer shall have the option to take over the said solar PV plant and rectify it at Contractor's risk and cost.</li> <li>- <u>Overall Project Warranty</u> – The Contractor shall give overall Project Warranty that includes mounting structures, Solar PV Modules, electrical works including inverters, cable, switchgears and solar logs distribution board/digital meters and overall workmen ship for three years with the effect from the Commissioning Date. During this period, the Contractor shall, at no cost whatsoever to the Developer, undertake all works of repair, amendment, reconstruction, rectification, and make good defects, etc. Any damage caused to the Developer's property due to Contractor's action handling or any supply action item shall be replaced without any cost to borrower, Any damage whether direct or indirect caused to Purchaser's surrounding property while carrying out the above mentioned activities by the Contractor shall also be rectified or replaced without any cost to Developer and/or Owner</li> <li>- <u>PV Module Warranty</u> – PV Panel Warranty for 25 years is given with degradation of power generated no exceeding 10% over 10 years period not exceeding 20% over the entire 25-year period.</li> <li>- <u>Inverter Warranty</u> – Inverter Warranty shall be over 10 years from Commissioning Date. All additional charges for extended warranty from standard 5 years period shall be borne by the Developer.</li> <li>- <u>PR Guarantee</u> - PR guarantee of 80% or 1.55 Million kVAH,</li> </ul> </li> </ul>
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	<p>whichever is lower is provided for the first year.</p> <ul style="list-style-type: none"><li>• <u>Goods’ Guarantee</u> – All the Goods supplied by the Contractor pursuant to the Agreement shall be free from faulty design, workmanship and material and to be of sufficient size and capacity and of proper material so as to fulfil all the operating conditions in the Agreement. The Contractor shall make alterations, repairs and replace in case of any trouble, default, defect in the design, material, workmanship, handling and operating characteristic of any of the Goods arising at any time prior to 12 months from the Date of Commissioning of the Project. In case of non- compliance with any of the specification mentioned or any deficiency in the Goods, the Developer shall notify the Contractor giving full details of the same. (Article 10(vii)). The Contractor shall be entering into an O&amp;M Agreement for a period of 25 years, it shall provide all necessary spares required for the plant for its maintenance (Article10(vii)).</li><li>• The provisions of this Agreement are for the benefit of the parties to this Agreement and no third party may seek to enforce or benefit from the provisions. (Article 18(v))</li><li>• Neither Party shall be liable to the other Party for the loss of profit, loss of any contract or for any Indirect or consequential loss or damage which may be suffered by the other Party in connection with the Agreement. The total liability of Contractor to Developer under or in connection with the Agreement shall not exceed 100% of the Contract Price or the total amount received from the Developer, whichever is lower; provided however that this limitation of liability specifically excludes any damages or losses incurred by the Developer with respect to any breach of confidentiality obligations, statutory violations , infringement of Intellectual Property Rights of any third party and personal injury/death due to reasons attributable to the Contractor .(Article 19)</li></ul>
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**DSNR Note:**

1. The Revised EPC Agreement stands expired, as the Term of the Agreement given in Article 1(ii) is said to expire after 1 year from the commissioning date i.e. March 31<sup>st</sup>, 2017.
2. According to the Good's Guarantee mentioned in Article 10 (vii), the Contractor shall make alteration, repairs and replacements of all the defects related to Goods that arises prior to 12 months from the Commissioning Date i.e. prior March 31<sup>st</sup>, 2017.  
Therefore, accordingly, the Good's Guarantee by the Contractor stands expired.
3. The insurance by the Contractor to cover all the third party damages as given in Article 8.1(i)(a) stands expired.
  - The insurance by the Contractor to cover contractor's liability under Workmen Compensation Act 1923, Minimum Wages Act 1948, Contract Labour Act 1970 and other applicable labour laws, as given in Article 8.1(ii) stands expired.
  - Insurance cover by the Contractor against damage or loss due to any reason in respect of good's material equipments for other work done in the Project, as given in Article 8.1(iii) stands expired.
4. According to the confirmation of the Company, a separate EPC was executed before the execution of this *Revised Agreement For The Engineering, Procurement And Construction*, and the same is yet to be provided.
5. The Company shall be providing the necessary certificates that have been obtained from Chief Electrical Inspector, as mentioned in Article 3.2(xi) and NOC from Uttarakhand Electricity Supply Company as mentioned in Article 9 and all the necessary Permits, certificates and License as required under applicable law, as mentioned in Article 3.4.
6. The word – “Owner” has not been defined in the Agreement, and as per the Company's confirmation, the Owner shall mean same as the Developer i.e. A B Renewable Energy Private Limited, we suggest the addition of the same in the definition clause (Article 1) vide amendment.
7. There is some ambiguity in the drafting of *survivability* clause as given in Article 18 (vii) of the Agreement, and therefore we suggest amendment of the same to ensure clear interpretation of the clause and intended survival of all the



important clauses including, without limitation, the subsisting warranties under Article 10.

8. As per Article 7 (i), in consideration of the payment made by the Developer, the Contractor warrants and confirms that the Developer shall have legal title to and ownership of all and any of the portions of the Project and the Contractor shall have no right/title to the same. Accordingly, full payment to the Contractor by the Company must be ensured before the Proposed Acquisition.
9. Based on the confirmation of the Company, an amount of Rs.1,2500,000/- was received from Sure Energy Systems Private Limited in lieu of BG as per the EPC contract and the same has to be given back to Contractor once the performance ratio or minimum generation has been achieved for a considerable period. Further, the same shall be returned to Contractor before the closure of the Proposed Acquisition.
10. The Company has further confirmed that an amount of Rs.50,44,246/- is to be paid to Sure Energy due to escalation of claim under the EPC owing to increase in module prices.

### 3. Operation and Maintenance Agreement

A B Renewable Energy Private Limited has entered into a Maintenance Agreement with Sure Energy Private Limited on March 3, 2017. The important terms of the said agreement are stated below:

<b>Parties to the Agreement</b>	(1) AB Renewable Energy Private Limited (“Employer”) and (2) Sure Energy Private Limited (“Contractor”)
<b>Date and place of Contract</b>	March 3, 2017 Mumbai, Maharashtra (as per stamp)
<b>Purpose</b>	The Contractor and Employer had entered into EPC Agreement, pursuant to which the Contractor shall erect, install and commission the PV Plant to the Employer. The Parties executed the O&M agreement to record their respective rights and obligation in relation to delivery of Services by the Contractor to the Employer in relation to the PV Plant.
<b>Term and Termination</b>	<ul style="list-style-type: none"> <li>• Term: 15 years (Clause 1.1(x))</li> <li>• Termination: This Agreement can be terminated by the Employer with a written notice of 30 days to the Contractor. The Contractor shall not terminate the Agreement except as permitted in this clause or under any other provision of the Agreement.</li> <li>• Contractor may terminate this Agreement by issuing a 30 days written notice :-               <ul style="list-style-type: none"> <li>(a) if the other Party (“Defaulting Party”) has been ordered to be wound up pursuant to any winding up petition filed by its creditors and such order has not been stayed or reversed within ninety (90) days of such order being passed</li> <li>(b) a petition of winding up has been admitted against the Defaulting Party and such order has not been stayed or reversed within ninety (90) days of such order being passed,</li> <li>(c) Defaulting Party has passed a resolution for voluntary liquidation/ winding up,</li> <li>(d) a receiver, administrator or liquidator appointed over the Defaulting Party’s assets or undertaking or any substantial part of them and such appointment is not revoked or discharged within thirty (30) days from the date of appointment,</li> <li>(e) The Defaulting Party has entered into or resolved to enter into an arrangement, composition or compromise with or assignment for the benefit of its creditors generally or any</li> </ul> </li> </ul>

	<p>class of creditors or proceedings are commenced to sanction such an arrangement, composition or compromise other than for the purposes of a bona fide scheme of reconstruction, amalgamation or other like corporate actions; and</p> <p>(f) If the Defaulting Party commits a breach of this O&amp;M Agreement (including non- compliance with scope of work defined in Annexure 1, consistent under delivery on PR guarantee and Plant availability guarantee as listed under Clause 10 and Clause 11, non-payment of any amount due under this Agreement), and does not remedy that breach within forty five (45) days after receiving a written notice of such breach from the non- defaulting Party, requiring such breach to be remedied.</p> <p>(Clause 13)</p>
<b>Consideration/Contract Price</b>	<ul style="list-style-type: none"> <li>• The annual Service fee would be Rs 5 Lakh p.a per MW DC increasing at 5% for the tenure of plant. Service Tax or any other tax as applicable on the services provided shall be borne by the Owner. The total O&amp;M cost would be 31.25 lakhs for 6.25 MW DC capacity.(Annexure II)</li> <li>• In consideration of Services to be rendered by the Contractor, the Employer agrees to pay to the Contractor an amount of Service Fee in each year as per Annexure II (“Annual Service Fee”) (Clause 7.1)</li> <li>• Contractor to provide for a revolving BG of Rs 36 Lakh for period of O &amp; M Contract. (Clause 7.2)</li> <li>• A quarter of the Annual Service Fee shall be paid at the end of each quarter. For this purpose, it is clarified a ‘year’ shall mean a period of 365 days starting from the Effective Date of this Agreement. Each such year shall be referred to as the “Payment Period”.(Clause 7.3)</li> <li>• The Contractor shall on or before the 5<sup>th</sup> day of commencement of each Payment Period issue an invoice for 100 % of the Fee for such Payment Period and only after the invoicing the Contractor, the Employer shall be liable to pay within 15 days of commencement of Payment Period.(Clause 7.4)</li> <li>• Apart from the Service fee, the Employer shall reimburse the Contractor (subject to audit by Employer and Contractor’s full cooperation), for all reasonable costs incurred by the Contractor,</li> </ul>

	<p>for activities that are beyond the scope of Contractor's work such as repairs and/ or replacement of PV Plant or any part which is not covered by warranties, within a period of 15 days from the date of submission of invoice by the Contractor along with relevant documents.(Clause 7.5)</p> <ul style="list-style-type: none"> <li>• In case of any increase in the rate of Service tax beyond 15% or imposition of any new Tax on the Services, Employer shall separately reimburse such increase or additional taxes to the Contractor and in case of retrospective applicability of such Taxes, within 7 days of Contractor intimating the Employer. (Clause 7.6)</li> <li>• In case of dispute with respect to any amount to be paid to the Contractor and intends to withhold that amount, the Employer shall notify the Contractor of its intention to withhold payment in writing no later than 5 days prior to the due date for payment, such notice should specify:- the amount to be paid; the amount proposed to be withheld, along with reasons. (Clause 7.7)</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• The Employer can, without the prior written consent of the Contractor, assign or sub - contract its rights and obligations hereunder, and inform the Contractors post facto. (Clause 20.3)</li> </ul>
<b>Important Terms and Conditions</b>	<p><b><u>Contractor's Obligation :</u></b></p> <ul style="list-style-type: none"> <li>• Contractor's O&amp;M site coordinators shall be responsible for the day to day performance of the services. The Employer shall fully co-operate with the site coordinator while rendering the services. The Contractor shall be entitled to replace the site coordinator at any time during the term and shall upon such replacements intimate the Employer in writing. (Clause 3.3)</li> <li>• Contractor Personnel are not the Employer's employees or agents and shall work under the control and management of Contractor. Contractor shall be solely responsible for payment of compensation and all statutory payments including without limitation provident fund, gratuity and bonuses, excluding any liability that make a crew to Employer in relation to compensation payable to Contractor Personnel for any injury caused due to an act or omission on the part of Employer. (Clause 4)</li> <li>• The Contractor shall comply with all the Laws applicable in</li> </ul>

	<p>relation to O&amp;M Agreement. The Contractor shall obtain and maintain any licenses, authorization, consents, approvals and permits required under O&amp;M agreement.(Clause 5.1)</p> <ul style="list-style-type: none"><li>• The Contractor shall perform services efficiently in a manner that: enables the PV plant to continue in operation; maximize the performance of the PV plant ( the Performance ratio is not below 80% for the first year degrading at maximum of 0.8% p.a); to the extent possible, minimise the incidence, severity and duration of any scheduled or unscheduled outages; maintain the PV plant in good condition; correct by appropriate measure any damage, deterioration or malfunction of the PV plant.(Clause 5.2)</li><li>• Contractor shall try to carry out Maintenance Work at times other than the hours during sunlight. If this is not possible, work shall be carried out in such a way as to minimize the impact thereof on the productivity of the PV Plant.(Clause 5.3)</li><li>• The Contractor shall carry out all Maintenance and Testing works with prior intimation to the Employer/Plant Representative. The Contractor shall set up system and procedures that enable the Contractor to operate and maintain the PV Plant on a continuous basis for the Term of this contract.(Clause 5.4 and 5.5)</li><li>• Preventive Maintenance: - The Contractor should arrange for preventive maintenance which shall include periodic visit to all the equipments that makes up the PV Plant, including monitoring, safe keeping and handling of spare parts and consumables.(Clause 5.6)</li><li>• Corrective Measures: - The Contractor shall take steps to rectify the malfunctioning and change the defective parts on the site. Necessary investigation of the faults in the equipments should be performed along with minor repairs/replacement in the equipment/ spare part for rectification of the malfunctioning within 24 hours of receiving notification of the malfunctioning from the monitoring system. The Contractor shall consult with the Employer for further remedial process and action..(Clause 5.7)</li><li>• Contractor shall make efforts to optimize the useful life of the PV Plant, minimizing time and Maintenance costs.(Clause 5.8)</li></ul>
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	<ul style="list-style-type: none"><li>• The Contractor shall renew all license and approval required during the tenure of this Agreement. (Clause 6.7)</li><li>• The Contractor shall maintain maintenance records, logs and reports documenting the operation and maintenance of the PV plant. The Contractor shall ensure that copies of all such documents shall be available at site within reasonable time on need basis.<p>The Contractor shall submit a report within 7 days after the end of each month, as per annexure VIII, setting forth the operation parameters of the PV plant with reasonable details. As soon as available within 15 days after the end of each calendar year, the Contractor shall submit to the Employer an annual report describing in reasonable detail, substantially similar to that contained in the quarterly operation reports, all of the system operations for such calendar year broken down by month.</p><p>Upon obtaining knowledge, the Contractor shall submit written notice of; any litigation, claim, disputes, action filed or initiated in relation to PV Plant; or any refusal, revocation or termination of any license, permit, approval, authorization or consent related to operation of PV Plant; or any penalties, notice of violation issued by Governmental Authorities concerning the power plant or the site.(Clause 8)</p></li><li>• Prior to commencement of the Services, the Contractor shall publish the Plant Safety Regulation which shall apply to all visitors to the PV Plant, including representatives of the Employer.<p>The Contractor shall be responsible for all injuries and damage to individual or property that may occur solely as a result of the Contractor and or any of its subcontractors and all their respective personnel in connection with the performance of service.</p><p>Contractor shall ensure that the execution is carried out complying with all safety precautions. The Contractor is liable for any claim arising out of any injury or death occurring at the site.</p><p>The Contractor shall ensure all protective apparels &amp; equipments in good order and condition, to be worn and used by the workmen and staff without fail. In case Employer notices any non compliance, the employer will not be entitled to make any alternative arrangements for the same but recover all cost and damages with employer's own charges @ 20% or as deemed fit by the company.</p></li></ul>
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	<p>Welding, soldering or the use of an open flame in the vicinity of combustible material is only permitted if atleast one workmen suitably equipped with extinguishers and well trained in fire fighting is present. At the beginning of work all fire fighting facilities must be checked thoroughly.</p> <p>Explosives shall not be used at the site by the Contractor without the permission in writing of Employer and only in the manner and to the extent to which as prescribed. Where explosives are used by the Contractor the same shall be transported to the site in the exclusive proof van and stored in a special magazine to be provided by and at the cost of the Contractor, who shall be liable for all damages, loss or injury to any person or property and shall be responsible for complying with all statutory obligation in these respects. The Contractor shall employ only licensed plaster.</p> <p>(Clause 9)</p> <ul style="list-style-type: none"><li>• Each Party warrants to the other Party as follows:<ul style="list-style-type: none"><li>- it is a company duly incorporated under the laws of India;</li><li>- it has all corporate powers and applicable Governmental Approvals to carry out business and is duly qualified to do business in the jurisdiction where it operates;</li><li>- it has full legal right and capacity to enter into the Agreement and this Agreement constitutes a legal obligation upon it;</li><li>- it has taken all necessary corporate action to authorize the execution and delivery by it of this Agreement and Transactions contemplated hereby, to secure all governmental authorizations, approvals, consents, licenses, permits inspections from relevant Governmental Authority etc.,.</li><li>- The execution, delivery, performance of this Agreement and the compliance by it with the terms and provisions will: Neither contravene any provision of law, statute, rule or regulation etc, nor conflict or result in any breach of terms, covenants, conditions or provisions of, or constitute a default or result in a creation of an encumbrance upon any property or assets pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other agreement.</li></ul></li></ul> <p>(Clause 10.1)</p> <ul style="list-style-type: none"><li>• <u>General warranty</u>: The Contractor guarantees that all consumable materials and components and Spare Parts used in</li></ul>
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	<p>maintaining the PV Plant comply with equipments specifications or as per the recommendations of the Original Equipment Manufacturer, for the proper operation of the PV Plant (Clause 10.2)</p> <ul style="list-style-type: none"><li>• <u>Guarantee of Minimum Generation of the PV Plant</u> : The Contractor guarantees to the employer, the PV Plant shall deliver a net minimum generation as given in annexure II. (Clause 10.3)</li><li>• <u>Liquidated damages/Improvement due to Availability of PV Plant</u>: If the availability of the PV plant falls below the guaranteed level, the Contractor shall pay the Employer penalties on a pro rata basis according to Annexure IX (Clause 10.4)</li><li>• <u>Liquidated damages/ Improvements due to Guaranteed Performance Ratio</u>: If the PR of the PV plant falls below the guaranteed level, the Contractor shall pay the Employer liquidated penalties on a pro rata basis according to Annexure IX. (Clause 10.5)</li><li>• <u>Liquidity Damages</u>: In case the generation is lower than the PR ratio guaranteed by the Contractor, the revenue loss shall be deducted from the fees. In case the loss is higher than the fees, the BGs will be encashed. If the loss is higher than the yearly service fees, i.e. Rs 36 lakhs, the B.G will be encashed to the tune of the revenue loss. It is to be noted that Contractor will have to provide year on year revolving BG, in case the BG is encashed they shall be liable to provide additional BG.(Annexure IX)</li><li>• Contractor is expected to make its own study of solar profile and other related parameters of the area and makes sound commercial judgment about power output i.e Guaranteed PR for the year.. The Contractor shall be responsible to access the corresponding solar insolation values and related factors of solar plant along with expected grid availability.(Clause 10.6).</li><li>• The Contractor shall be responsible for achieving guaranteed PR. The Contractor has to maintain the Solar Plant equipment/s including its repair, replacements etc so as to give the agreed guaranteed PR for the year, for which the Employer shall pay</li></ul>
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	<p>the agreed O&amp;M charges only and no other charge or cost is payable by the Employer.(Clause 10.7)</p> <ul style="list-style-type: none"><li>• The Contractor will be liable to the Employer whether in contract, torts, under any warranty or any other theory of liability for any special, incidental or consequential damages, lost business or profits for of acts of omission and commission attributed to the Contractor. (Clause 12)</li></ul> <p><b><u>Employer's obligation:-</u></b></p> <ul style="list-style-type: none"><li>• The Employer shall ensure that the Contractor is provided unrestricted and unhindered access to and from the site to enable it to perform services. The Contractor is required to provide the Employer prior notice for the same.(Clause 6.2)</li><li>• The Employer undertakes to ensure the Contractor shall have, free of all charges and fees, continuous access to the PV Plant for monitoring and transferring of data from PV Plant to Contractor. (Clause 6.3)</li><li>• The Employer shall provide electricity and water at the site, free of cost, which shall be procured by the Contractor on his own accord and cost when the Employer is unable to provide the same. (Clause 6.4)</li><li>• The Employer shall pay all amounts to the Contractor according to the O&amp;M Agreement.(Clause 6.5)</li><li>• The Employer shall reasonably help the Contractor to obtain and maintain during the entire term, all permits, consents, approvals, licenses, no objections and authorizations necessary under applicable laws for the operation and maintenance of the PV Plant. (Clause 6.6)</li><li>• The Employer shall help the Contractor renew all license and approval required during the Tenure of this Agreement. (Clause 6.7)</li></ul>
<b>Indemnification</b>	<ul style="list-style-type: none"><li>• Each Party agrees to indemnify and defend and hold harmless the other Party against any and all losses suffered by the Indemnified Party due to or in connection with any event rendering any warranty of Indemnifying Party false or inaccurate, or any fraud,</li></ul>

		malicious concealment, gross negligence or grave misconduct on the part of the Indemnifying Party. (Clause 11)
<b>Secrecy/ disclosure</b>	<b>Non-</b>	<ul style="list-style-type: none"> <li>Each Party undertakes to keep confidential and not to disclose information concerning the business and affairs of the other Party which it has obtained or received as a result of discussion leading up to entry into this Contract, or which it has obtained during the course of this Contract, till completion of all obligations of either Party under this Contract, and for further period of two (2) consecutive years thereafter, except any information that is; (a) subject to an obligation to disclose under law/ or is required to be disclosed by any competent Authority, by notice or otherwise; or (b) already in its possession; or (c) in the public domain.</li> </ul> <p>Each Party undertakes to take all steps that are necessary from time to time to ensure compliance with the provision of this Clause by its employee, agents and its advisors on a need-to-know basis. Prior to disclosing any information, the disclosing Party shall notify and provide the other Party an opportunity to limit, through legal recourse, extent of the information and manner of such disclosure. Neither Party may disclose any information referred to in this Clause without the prior written approval of the other Party. (Clause 1.3)</p>
<b>Jurisdiction Governing Law</b>	<b>&amp;</b>	This Agreement shall be governed by and construed in accordance with the laws of India. Subject to Clause 19, each Party agrees that the courts at Mumbai shall have exclusive jurisdiction to settle any claim or matter arising under this Agreement.(Clause 20.7)
<b>Dispute Resolution (Claims)</b>		<ul style="list-style-type: none"> <li>If any dispute arises amongst the parties hereto during the subsistence of this O&amp;M Agreement or thereafter, in connection with the validity, interpretation, implementation or alleged breach of any provision of this O&amp;M Agreement or regarding a question, including the questions as to whether the termination of this O&amp;M Agreement by the either Party has been legitimate, the Parties shall endeavor to settle such dispute amicably.</li> </ul> <p>In the case of failure by the Parties to resolve the dispute in the manner set out above within fifteen (15) days from the date when the dispute arose, the dispute shall be settled in accordance with the Clause 22, 23. (Clause 18)</p> <ul style="list-style-type: none"> <li>Procedure for Claims :- If Contractor considers itself to be entitled to any extension of the date for Commissioning and/or</li> </ul>

	<p>any additional payment, under any Clause of this Contract, Contractor shall give notice to Employer which shall include details of; material circumstances of event, the nature and extent of delay , corrective action undertaken or to be taken , the effect of the critical path identified in the most recent Work's Execution Programme, the period by which the Date for Commissioning should be extended and where the Contractor deems such a scenario exists. (Clause 21.1)</p> <ul style="list-style-type: none"><li>• Arbitration- If a dispute arises between the Parties regarding the application, interpretation enforceability, validity or performance of this Contract or matters arising or relating thereto, whether sounding in contract, tort, unfair competition, law, equity or any other legal form, then either Party may require that such Dispute be submitted to, and be determined exclusively by, Indian Council of Arbitration in accordance with its rules. (Arbitration and Conciliation Act 1996 as amended). The Arbitral Tribunal shall consist of three arbitrators, with each Party appointing its nominee arbitrator and both arbitrators appointing the third presiding arbitrator. Language of the arbitration proceeding shall be English. Venue of arbitration shall be Mumbai. It is agreed that all the costs and expenses of the arbitration shall be borne equally by the Parties. (Clause 21.3)</li></ul>
<b>Other relevant clauses</b>	<ul style="list-style-type: none"><li>• The Contractor is responsible for all Subcontracting and Technical Specifications in performance of the Contract. The Contractor will be liable for defect and deficiency of the sub contractor. The Contractor will provide background and past performance information on the sub contractors. The Contractor shall be solely responsible for the payments to sub Contractors in accordance with their subcontracts. The Employer shall, under no circumstances shall be liable any sub contractor. The Contractor may subcontract any part of its obligations pursuant to this Agreement but not all of its obligations pursuant to this Contract. The Contractor shall not subcontract all or any part of the Agreement without first obtaining the employer's approval in writing of the sub-contracting. However, the approval of sub contracting shall not be reasonable withheld by</li></ul>

	<p>the employer in any case. All guarantees, liquidated damages and other obligation under this Agreement shall be applicable accordingly. This shall be so even if sub contracting has received Employer's approval. (Clause 15)</p> <ul style="list-style-type: none"><li>• The Employer shall obtain and maintain all necessary insurances under the O&amp;M agreement with a sum insured equivalent to the replacement value of the PV Plant including transport and installation cost. The Contractor shall obtain and maintain all necessary insurances under this O&amp;M Agreement for a sum that covers any potential damage or loss. Contractor shall take liability insurance that are required in accordance with prevailing employment legislation that covers the staff/sub contractor used by the Contractors. Contractor shall at all times be liable for any insurance excess against Personal Insurance for its employees and staff. The Contractor shall be liable for all premiums, penalties and other amount due in respect of such policies.(Clause 16)</li><li>• Reservation of Rights: No Forbearance, indulgence or relaxation or inaction by either Party at any time to require performance of any of the provisions of this Agreement shall affect, diminish or prejudice the right of either Party to require performance of that provision. Any waiver or acquiescence by either Party of any breach of any of the provisions of this Agreement shall not be considered as a waiver or acquiescence of any right arising out from this Agreement, other than expressly stated in the Agreement.(Clause 20.1)</li><li>• Severability : If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any law, such provision shall be severable and shall have no effect on the other provisions of the Agreement and the deemed invalid provision shall be automatically replaced by a valid provision which shall be valid, legal and enforceable, However, if there is no automatic addition as aforesaid the Parties hereto shall mutually agree to provide a legal, valid and enforceable provision similar in terms and effect to such illegal, invalid or unenforceable provision as may be</li></ul>
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	<p>possible.(Clause 20.2)</p> <ul style="list-style-type: none"><li>• Costs: Save as otherwise provided in this Agreement, each Party shall bear its own costs (excluding taxes) and expenses incurred in connection with the execution of this Agreement and all transactions herein envisaged. (Clause 20.8)</li></ul>
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**DSNR Note:**

1. It may be confirmed from the Company if all the Services, performances and related licences, authorizations, consents, approvals, permits has been are provided and obtained respectively by the Contractor, and further if the contractor has complied with all the requirements given in Article 5 of the Agreement.
2. It may be confirmed from the Company if all the required Service Fees had been duly paid by the Employer to the Contractor in accordance with Article 7 of the Agreement.
3. It may be confirmed from the Company if *General Warranty* and *Guarantee of Minimum Generation of the PV Plant* as given in Article 10 of the Agreement have ever been invoked due to some breach during the Term of this Agreement.
4. It may be confirmed from the Company if the Indemnity clause as given in Article 11 has ever been invoked due to occurrence of any such event or circumstance during the Term of this Agreement.
5. It may be confirmed from the Company if all the necessary Insurance given under Article 16 has been obtained and maintained by the Employer. It may further be clarified if the Contractor has obtained and maintained necessary insurances for a sum covering the potential damage or loss.
6. The word “Developer” has not been defined and should mean the same as “*A B Renewable Energy Private limited*”. We suggest insertion of the same in Article 1:- Definition and Interpretation in order to address the ambiguity.

7. It may be clarified as to who shall have the sole authority to terminate this Agreement on receipt of a written notice from the other Party as given under Article 13.1.
8. There is certain ambiguity in the language of Article 13.1 and Article 13.2(f) regarding the “Termination” of the Agreement, and hence suggest amendment of the same to ensure that only the Company can terminate the agreement by giving 30 days notice under Article 13.1 and deletion of Article 13.2(f) as such a default can only be committed by the Contractor.
9. There are certain ambiguities and errors in respect of the clause references mentioned under Article 18.2 related to mode of settlement of dispute and hence suggest amendment of the same to address the issue.
10. Suggest amending the term “Employer” to be changed to “Developer” to ensure the correct interpretation of the independent contract relationship between the Parties.

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#### **4. Electrical Installation Agreement (Khari)**

A B Renewable Energy Private Limited (ABREPL) and Khari Enterprise (Contractor) had entered into an Electrical Installation Agreement on January 16, 2017 at Mumbai for erection and installation of 3.6 Km Transmission Line from Gurukul feeder to the Site and Extension of 33Kv bay at Gurukul substation and further to obtain approval for the same within 45 days from the date of this Contract along with its successful testing and commissioning. Synchronisation with Plant/Project (5MWp photovoltaic solar energy grid-connected power plant set up by ABREPL) on the commissioning shall also need to be insured.

Under this agreement, ABREPL shall pay the Contractor a sum of Rs 63,50,00/- (Rs Sixty Three Lakhs Thirty Five Only) including all taxes (the Price) as the consideration for the Work. The contract shall become effective from the date of its execution and remain effective for 2 years from the date of Completion of contract or until the date on which UPCL takes over the supervision of the Transmission Line and bay, whichever is earlier.

#### **DSNR Note:**

It is to be noted that as per the confirmation of the Company, a sum of Rs 6,35,000/- was charged as a penalty for delay, the scanned copy of the same has been provided.

## 5. Business Transfer Agreement

<b>Parties to the Agreement</b>	(3) Fun Solar Energy LLP (“Seller”) (4) A B Renewable Energy Pvt Ltd (“Purchaser”)
<b>Date and place of Contract</b>	January 27, 2017 Mumbai, Maharashtra ( As per the Stamp)
<b>Purpose</b>	<ul style="list-style-type: none"> <li>The Seller was in negotiation with Vishal Techno Commerce Ltd (“VTCL”), for acquisition of Stake. To comply with regulatory requirement, VTCL has formed a new entity in the name of A B Renewable Energy Private Limited (“ABREPL”) for carrying out the development generation and supply of solar energy of 5 MW at Uttarakhand (“Project”). As the entire Project is now being implemented by the Purchaser, the Purchaser agreed to acquire on slump sale basis the entire Identified Undertaking from the Seller ongoing concern basis on the terms and conditions mentioned in this Agreement. The Seller proposes to sell and transfer the Identified Undertaking to the Purchaser.</li> </ul>
<b>Consideration/Contract Price</b>	<ul style="list-style-type: none"> <li>The Purchaser shall pay Rs 94,00,000/- ( Rupees Ninety Four Lakh Only) to the bank account designated by the Seller for the transfer of the Identified Undertaking by the Seller. (Clause 4)</li> </ul>
<b>Important Terms and Conditions</b>	<ul style="list-style-type: none"> <li>“Identified Undertaking” –means the Seller’s undertaking, business, activities, operations and all work-in-progress pertaining to the Project, on a going concern basis, and shall mean and include (without limitation) the items set out in Schedule 2. (Clause 1.)</li> <li>All assets wherever situated, whether movable, leasehold or freehold, tangible or intangible, in possession or reversion, including Project work-in-progress loans, advances, recoverable, contingent rights or benefits, benefit of all agreements, current assets, in connection with, pertaining to or relatable to the Project. All employees of the Seller that are determined by the Board of Directors of the Seller, substantially engaged in or in relation to the Project, on the date immediately preceding the Completion Date.</li> </ul>



	<p>All deposits and balance with Government, semi- Government, local and other authorities and bodies, customer and other persons, earnest moneys and /or security deposits paid or received by the Seller, directly or indirectly in connection with or in relation to the Project.</p> <p>All books, record, filed, papers, product specification along with their licenses, any other software license, manuals, data and backup copies, drawing, other manuals, data catalogues, quotations, sales and advertising material, any lists of former or present customers, suppliers and employees, any database of customers, suppliers or employees, customer credit information, pricing information, and any other data and records whether in physical or electronic form, relating to the Project.</p> <p>All Intellectual property in relation to the Identified Undertaking.(Schedule 2)</p> <p><u>PURCHASER’S DUTIES AND LIABILITIES :-</u></p> <ul style="list-style-type: none"><li>• On or before the Completion Date, the Purchaser shall provide each employee of the Seller in relation to the Identified Undertaking with a fresh offer of employment or equivalent document informing the Identified Employee (“Identified Employee”) of the Purchaser’s offer of employment. The effective date of the Identified Employee’s employment with the Purchaser will be the Completion Date. (Clause 7.1)</li><li>• All wages, salaries and other entitlements of the Identifies Employees and all tax deductions and other contributions relating thereto that are due and payable after the Completion Date shall be discharged by the Purchaser. (Clause7.2)</li><li>• The Purchaser agrees and covenants with the Seller that: - the Purchaser shall pay the Consideration on the Completion Date; the Purchase shall enter into an agreement with the Identified Employees in the manner as specified in Clause 7. (Clause 9)</li><li>• Any and all the stamp duty payable for the transfer of Identified Undertaking, the registration fees, if any , payable on any document in relation to the transfer of the Identified</li></ul>
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	<p>Undertaking shall be borne by the Purchaser.</p> <p>Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated in this Agreement shall be paid and borne by the Purchaser.</p> <p>All periodical charges including but not limited to rents, service charges, rates, and other outgoings relating to, payable, receivable, or accruing in respect of the Identified Undertaking attributable to the period on and from the Completion Date shall be borne by the Purchaser. (Clause 18)</p> <p><u>SELLER’S DUTIES AND LIABILITIES:-</u></p> <ul style="list-style-type: none"><li>• On and from the Completion Date, all statutory liabilities of the Seller which directly and specifically arose out of the activities or operations of the Identified Undertaking shall without any further act or deed be and shall stand transferred to the Purchaser, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be exercised by or against the Purchaser as if it had incurred such liabilities and the Purchaser undertakes to meet, discharge and satisfy the same.</li></ul> <p>This provision shall operate so far as it relates to the transfer of liabilities to the Purchaser, notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provision. (Clause 8)</p> <ul style="list-style-type: none"><li>• The obligations of the Purchaser to consummate the transactions contemplated hereby are subject to the fulfillment prior to completion (or at the time specified in this Agreement) of the following conditions:-<ul style="list-style-type: none"><li>- <i>Corporate Authorization:</i> The Parties shall have duly attended to and carried out all corporate procedure that are required under the Applicable Law in connection with this Agreement and the transactions contemplated hereby.</li></ul></li></ul>
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	<ul style="list-style-type: none"> <li>- <i>Standstill Obligations</i>: The Seller shall comply with the obligations set out in Schedule 5. (Clause 2)</li> <li>• Each Party represents and warrants the other Party as follows:- <ul style="list-style-type: none"> <li>- Such Party is duly organized, validly existing under the laws of the jurisdiction of its incorporation and it is not in receivership or liquidation and has taken no steps to enter into liquidation, and no petition has been presented for its winding up.</li> <li>- Such Party has the full corporate power and authority to enter into, execute, deliver and comply with its obligations under this Agreement, and all necessary corporate and shareholder actions has been taken by such Party to authorize the execution, delivery and performance by it of its obligations under this Agreement.</li> <li>- Such Party has duly executed and delivered this Agreement, and this Agreement constitutes the valid and legally binding obligation of such Party enforceable in accordance with its terms against such Party. (Clause 6)</li> </ul> </li> <li>• With effect from the Completion Date, the accounts of the Identified Employees relating to Provident Fund, Gratuity and any other trusts/ funds created or existing for the benefit of the Identified Employees shall be identified, determined and transferred to the respective funds/ trusts of the Purchaser, and the Identified Employees shall be deemed to have become members of such funds/trusts of the Purchaser. (Clause 7.3)</li> </ul>
<b>Assignment</b>	<ul style="list-style-type: none"> <li>• No Party shall without the prior written consent of the other Party (such consent not to be unreasonable conditioned, withheld or delayed) assign, transfer, charge or deal in any other manner with this Agreement or any of its rights under it, or purport to do any of the same, nor sub-contract any or all of its obligations under this Agreement. (Clause 15)</li> </ul>
<b>Secrecy/ disclosure</b>	<p><b>Non-</b></p> <ul style="list-style-type: none"> <li>• The Parties agree during the term of this Agreement and all times thereafter (i) to hold the Confidential Information of the disclosing Party in the trust and strictest confidence; (ii) to use the Confidential Information of the disclosing Party only for the</li> </ul>

	<p>benefit of disclosing Party;(iii) not to use the Confidential Information of the disclosing Party in any manner or for any purpose not expressly set forth in this Agreement; (iv) to reproduce the Confidential Information of disclosing Party only to the extent reasonably required to fulfill the receiving Party's obligation hereunder; (v) to keep the Confidential Information of the disclosing Party locked in a secure facility when not in use; and (vi) not to disclose, deliver, provide, disseminate or otherwise make available, directly or indirectly, any Confidential Information of the disclosing Party to any third Party without first obtaining the disclosing Party's express written consent on a case-by-case basis.</p> <p>The Parties shall disclose the Confidential Information of the disclosing Party only to such employees or their agents appointed in writing and duly notified in that behalf who have a need to know such Confidential Information. Each Party shall take the same degree of care that it uses to protect its own confidential and proprietary information of similar nature and importance (but in no event less than reasonable care) to protect the confidentiality and avoid the unauthorized use, disclosure, publication or dissemination of the Confidential Information of the disclosing Party. (Clause 12.1)</p> <ul style="list-style-type: none"><li>• The foregoing obligations shall not apply to any Confidential Information to the extent the Party receiving such Confidential Information can prove that that such Confidential Information (i) was publicly known and generally available in the public domain prior to the disclosure by the disclosing Party; (ii) becomes publicly known and generally available in the public domain through no act or omission of the receiving Party (iii) was right fully known by the receiving Party, without restriction prior to the time of first disclosure by the disclosing Party; (iv) was independently developed by the receiving Party without the use of the Confidential Information or (v) was rightfully obtained by receiving Party without restriction, from a third party who has the right to make such disclosure and without breach of any duty of the confidentiality to the disclosing Party. (Clause 12.2)</li><li>• In addition, a Party receiving Confidential Information may disclose such Confidential Information to the extent such Party is required by Law to disclose such Confidential Information, provided that such Party shall first give reasonable advance</li></ul>
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	notice of such compelled disclosure to disclosing Party, and shall cooperate with the disclosing Party in connection with any efforts to prevent or limit the scope of such disclosure and/or use of the Confidential Information. (Clause 12.2)
<b>Jurisdiction &amp; Governing Law</b>	<ul style="list-style-type: none"> <li>This Agreement shall be governed by and constructed in accordance with the laws of India. (Clause 23.1)</li> </ul>
<b>Dispute Resolution</b>	<ul style="list-style-type: none"> <li>All disputes between the Parties arising out of or relating to this Agreement shall be referred to arbitration. Such arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The venue shall be Mumbai, India. The sole Arbitrator who shall be appointed by the parties within 15(fifteen) days and failing mutual agreement as to the sole arbitrator, to a panel of 3 (three) arbitrators, one arbitrator to be appointed by each Party within 15 (fifteen) days and the two arbitrators so appointed shall appoint the third arbitrator within 30 (thirty) days. The decision of the Arbitrator shall be final and binding on the Parties. (Clause23.2)</li> </ul>
<b>Stamp Duty &amp; Registration</b>	Rs 500.00/- ( Rupees Five Hundred) (Stamp Duty)
<b>Other relevant clauses</b>	<ul style="list-style-type: none"> <li>The Seller shall transfer, sell, convey, assign and deliver Identified Undertaking, as a going concern to the Purchaser, and the Purchaser shall accept, purchase and acquire from the Seller the Identified Undertaking on a going concern basis. The Seller covenants with the Purchaser that on and from the Completion Date the Identified Undertaking shall be deemed to have been transferred to and vested in the Purchaser as of the Completion Date and all of the rights and benefits in the Assets of the Identified Undertaking shall vest in favor of the Purchaser. The Parties agree and acknowledge that the transaction contemplated in this Agreement is a purchase and sale of the Identified Undertaking on a going concern basis, and that the Consideration is a lump sum consideration, and no specific part of the consideration is allocated to any specific asset, right or the like comprised in the Identified Undertaking, and shall at all times be payment for the whole of the Identified Undertaking, even though any individual asset or constituent thereof, for other purposes such as stamp duties, registrations, etc., is or may have been valued or required to be assigned a value individually.</li> </ul>

	<p>The Moveable and Fixed Assets capable of being delivered by physical delivery shall be transferred to the Purchaser by delivery of possession on the Completion Date and the Purchaser shall acknowledge receipt of such Moveable and Fixed Assets in writing to the Seller on the Completion Date and there shall be no further additional act or deed required to be done for this purpose by or between the Seller and the Purchaser. (Clause 3)</p> <ul style="list-style-type: none"><li>• If any provision (or part of any provision) of this Agreement is found by any court or other body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force. If any invalid, unenforceable or illegal, provision would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties. (Clause 20)</li><li>• This Agreement (other than obligations that already been fully performed) remains in full force after Completion. (Clause 21)</li><li>• This Agreement may be executed in any number of counterparts (but shall not be effective until each Party has executed at least one counterpart), each of which, when executed, shall constitute an original of this Agreement and which together shall have the same effect as if each Party had executed the same agreement. (Clause 22)</li><li>• Neither the Seller nor the Promoter shall make, or permit any Person to make any public announcement, communication or circular concerning this Agreement (whether before, at or after Completion Date) without the prior written consent of the Purchaser. (Clause 13)</li><li>• The Parties hereto agree to assist and assure each other to amicably resolve any and all issues including but not limited to any claims, demands or liabilities arising out of or in connection with the Identified Undertaking prior to exhausting their legal remedies as provided in this Agreement or otherwise. At any time after Completion, the Seller and the Purchaser shall as and when reasonably required do, perform and execute all such acts, deeds, matters and things as they may reasonably require for the purpose of vesting in the Purchaser the full legal and beneficial title to the Identified Undertaking and to give effect to the</li></ul>
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	<p>provisions of this Agreement. (Clause 14)</p> <ul style="list-style-type: none"><li>• At the request of the Purchaser, the Seller shall provide access and exclusive use (including copies) of any records, data, information or document (including in electronic format) than relate to the Identified Undertaking insofar as they are in the possession of the Seller. (Clause 10)</li><li>• This Agreement constitutes the entire agreement among the Parties and supersedes any previous arrangement, understanding or agreement between them relating to the subject matter herein covered. (Clause 16)</li><li>• Any variation of this Agreement shall be in writing and signed by or on behalf of each Party. Any waiver of any right under this Agreement is only effective if it is in writing and signed by the waiving or consenting Party and it applies only in circumstances for which it is given and shall not prevent the Party who has given the waiver or consent from subsequently relying on the provision it has waived. No failure to exercise or delay in exercising any right or remedy provided under this agreement or by law constitutes a waiver of such right or remedy or shall prevent any future exercise in whole or in part thereof. No single or partial exercise of any right or remedy under this Agreement shall prelude or restrict the further exercise of any such right or remedy. Unless specifically provided otherwise, rights arising under this Agreement are cumulative and do not exclude rights provided by Law. (Clause 17)</li></ul>
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**DSNR Note:**

1. Fun Solar Energy LLP (Fun Solar Energy Private Limited - according to AOC-4 and AOC-2, dated 08.07.2017) (Seller) and the Company had entered into a Business Transfer Agreement on January 27, 2017 for selling and transferring the “Identified Undertaking” to the Purchaser. However, according to the confirmation of the Company, the BTA was executed solely to recover all the expenses incurred by Fun Solar LLP on behalf of the Company for purposes of the solar project but none of the clauses suggest any such outstanding expenses which are to be recovered through the execution of this BTA.

2. Further, according to the recitals and various clauses of the BTA, the BTA was executed for selling and transferring of the Identified Undertaking, which was in the possession of the Seller at the time of signing of this Agreement.

Some of these clauses are as follows:-

- According to Schedule 4, the Seller is obligated to deliver the physical possession of all the Assets, related documents of title and certificates, any related agreements and all Records of the Assets and any agreements.
- According to Clause 8, besides all the rights, powers, duties and obligation, the liabilities of the Seller shall also be transferred to the Purchaser.
- According to Clause 10, all records, data, information and documents of the Identified Undertaking shall be transferred to the Purchaser.
- According to Schedule 2, Identified Undertaking includes Assets whether leasehold or freehold.

However, it is to be noted that (based on the documents provided, including, without limitation lease agreements dated March 10, 2017) the Identified Undertaking so mentioned in the Agreement was neither in the possession of the Seller nor the Seller had any rights in relation to the same. The rights and authority claimed under the Agreement to be held by the Seller were in fact never held by the Seller, as the Assets are not in the possession of the Seller. Hence, all such rights claimed by the Seller in relation to the Identified Undertaking which are being transferred under the BTA are baseless.

3. Accordingly, we suggest the execution of an agreement by referring to the BTA and recording the correct understanding of the parties to ensure reimbursement of expenses incurred in relation to the solar project instead of transfer of business.

4. Further, it may be noted that the BTA might consequences from taxation perspective.



## **CHAPTER E PERSONNEL AND LABOUR LAW COMPLIANCE**

Based on the documents provided the details of the employees of the Company are provided below:

### **1. Niraj Mehta**

- Vide Employment agreement dated December 1, 2016 of Mr. Niraj Mehta
- Position: President
- Gross Salary (For Financial Year 2017-2018) :- 34,11,996.00
- Net Salary (For Financial Year 2017-2018) :- 28,60,371.00

### **2. Harsh Mehta**

- Vide Employment agreement dated December 1, 2016 of Mr. Harsh Mehta
- Position: Engineer
- Gross Salary (For Financial Year 2017-2018) :-7,44,500.00
- Net Salary (For Financial Year 2017-2018) :- 7,03,603.00

### **3. Dinesh Kumar**

- Vide Employment agreement dated December 1, 2016 of Mr. Dinesh Kumar
- Position: Deputy Project Manager
- Gross Salary (For Financial Year 2017-2018) :- 6,12,000.00
- Net Salary (For Financial Year 2017-2018) :- 5,88,000.00

### **4. Nakul Barot**

- Vide Employment agreement dated March 15, 2017 of Mr. Nakul Barot
- Position: Deputy Project Manager
- Gross Salary (For Financial Year 2017-2018) :- 2,99,500.00
- Net Salary (For Financial Year 2017-2018) :- 2,97,000.00

### **5. Prachi Shinde**

- Vide Employment agreement dated December 1, 2016 of Ms. Prachi Shinde
- Position: Executive - Accounts
- Gross Salary (For Financial Year 2017-2018) :- 4,92,000.00
- Net Salary (For Financial Year 2017-2018) :- 4,81,333.00

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## **6. Pratiksha Salunke**

- Vide Employment agreement dated March 8, 2017 of Ms. Pratiksha Salunke
- Position: Executive – Accounts
- Gross Salary (For Financial Year 2017-2018) :- 2,73,290.00
- Net Salary (For Financial Year 2017-2018) :- 2,70,990.00

## **7. Mangesh Chavan**

- Vide Employment agreement dated December 1, 2016 of Mr. Mangesh Chavan
- Position: Office Boy
- Gross Salary (For Financial Year 2017-2018) :-1,74,000.00
- Net Salary (For Financial Year 2017-2018) :- 1,71,500.00

### **DSNR Note:**

It may be noted that, based on the confirmation of the Company, it has not appointed any labourer or additional worker for project development whether directly or indirectly.

## CHAPTER F PROPERTY

**F.1** The Company currently has its registered office at A/502, Kanakia Zillion, BKC Annexe, LBS Marg, CST Road, Kurla West, Mumbai – 400070, Maharashtra, India. The Company has entered into a Leave and License Agreement dated April 1, 2018 in relation to the aforesaid premises with Funs Properties Private Limited (the Company had previously executed similar agreement on January 1, 2017 which had expired on March 31, 2018). The important terms and conditions are as follows:

CATEGORY	DETAILS
<b>Parties to the Agreement</b>	Funs Properties Private Limited (Licensor) A B Renewable Energy Private Limited (Licensee)
<b>Date and place of Contract</b>	April 1, 2018
<b>Purpose</b>	The Licensor is a member and shareholder of the Licensed Premises situated at Flat No A-502, Kanakia Zillion, Kurla (West) Mumbai – 400070. The Licensee has requested the Licensor to permit the Licensee to use the Licensed Premises on Leave and License basis upon the terms and conditions mentioned in the Leave and License Agreement executed on April 1, 2018
<b>Consideration/Contract Price</b>	Rs 52,224/- (Rupees Fifty Two Thousand Two Hundred and Twenty Four Only) plus applicable GST, per quarter for such use. The Licensee shall also be liable for the payment of monthly electricity charges and other related dues. (Clause 2)
<b>Important Terms and Conditions</b>	<p><u>LICENSEE’S RIGHTS AND OBLIGATIONS:-</u></p> <ul style="list-style-type: none"> <li>• The Licensee shall use the Licensed Premises with due care and caution and shall keep and maintain the same in good order and condition and upon the expiration or earlier determination of this License shall leave the same in as good condition as they were in on the date hereof and make compensation for any damage done for any Clauses missing (reasonable wear and tear excepted). (Clause 5)</li> <li>• The Licensee shall not do or suffer to be done anything in the</li> </ul>

	<p>Licensed Premises which is or is likely to be a nuisance or annoyance to the other members or the said Society or to prejudice the rights of the Licensor as the member of the said Society. (Clause 6)</p> <ul style="list-style-type: none"><li>• The Licensee shall be entitled to install in the Licensed Premises at its own cost and expense, electric appliances, furniture and of a non-permanent and non-structural nature, water, gas, telephones, sanitary and electrical installation and other conveniences reasonably required by it or in connection with the proper and full use, occupation and enjoyment of the Licensed Premises.</li></ul> <p>The Licensee shall be entitled at any time during the term of this Agreement and upon its termination to remove at its cost and expense all or any of the foregoing, without causing damage to the walls, windows or bathroom and kitchen tiles. The Licensee shall not penetrate or drill the external walls of the Licensed Premises without prior consent of the Licensor. (Clause 7)</p> <ul style="list-style-type: none"><li>• The Licensee shall have the right to sublet or underlet the premises either partly or wholly to any of its subsidiary/ associate concern or to any other person, association or entity. (Clause 12)</li><li>• Day to day minor repairs such as leaking taps etc. blown fuse or any other small repairs will be the responsibility and at the cost of the Licensees. (Clause 16)</li></ul> <p><u>LICENSOR’S RIGHTS AND OBLIGATIONS:-</u></p> <ul style="list-style-type: none"><li>• The Licensor shall not sell, transfer, mortgage, charge, encumber deal or otherwise dispose of the Licensed Premises or his interest therein so as to cause any breach of or to adversely affect the rights of the Licensee under the said License Agreement except with prior intimation to the Licensee of two months and in the event of such sale, transfer etc. the Licensor hereby agrees and undertakes to obtain an acknowledgement from the transferee in writing of the obligations of the Licensor which he owns to the Licensee under the terms of the said License Agreement and the</li></ul>
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	<p>Licensor and the Licensee and the transferee shall be bound by the obligation and terms. (Clause 4)</p> <ul style="list-style-type: none"><li>• The original key of the Licensed Premises shall be kept by the Licensor and a duplicate key (2 sets) of the Licensed Premises shall be given by the Licensor to the Licensee for its convenience, which key shall be returned by the Licensee to the Licensor on expiration or earlier determination of this License. (Clause 8)</li><li>• The Licensor shall not be responsible or liable for any theft, loss, damage or destruction of any Property of the Licensee or any other Persons lying in the Licensed Premises not for any bodily injury to any person in the Licensed Premises. (Clause 9)</li><li>• The Licensor shall be in full charge and control of the Licensed Premises at all times. The Licensor or his authorized representative shall at all time by giving reasonable notice (48 hours) to the Licensee have free and unobstructed access to the Licensed Premises. (Clause 13)</li><li>• If on the expiration of the License hereunder, the Licensee does not vacate and give charge of the Licensed Premises to the Licensor then the Licensee shall continue to use and occupy the Licensed Premises for a period of 30 days provided the Licensee shall pay double the amount of License fees without prejudice to the Licensors rights and remedies in law. (Clause 14)</li><li>• The Licensor shall be solely liable and responsible for carrying out at his own cost any heavy or structural repairs as may be necessary in the Licensed Premises during the continuance of this Agreement. (Clause 16)</li></ul>
<b>Term and Termination</b>	<ul style="list-style-type: none"><li>• Term :- April 1, 2018 to March 31, 2019 (Clause 1)</li></ul> <p>It is understood that the termination by either the Licensor or the Licensee is not possible as long as all the clauses of the Agreement are fulfilled. (Clause 2)</p>

	<ul style="list-style-type: none"><li>• The Licensee shall have the right to terminate this Agreement in the event of sale, transfer as mentioned in Clause 4 by the Licensor. (Clause 4)</li><li>• On termination of the Leave and License agreement or on the expiration of the aforesaid period of 30 days referred to in clause 14 above as the case may be, the Licensee shall remove all persons using the Licensed Premises and all their belongings chattels, articles and things from the Licensed Premises and vacate and hand over charge of the Licensed Premises to the Licensor. On such termination the Licensee and other persons using the Licensed Premises shall be trespassers and on their failing to leave the Licensed Premises the Licensor shall be entitled to take recourse of the law courts of Mumbai to remove them and also to physically prevent them from entering into the Licensed Premises. (Clause 15)</li></ul>
<b>Event of Default</b>	<ul style="list-style-type: none"><li>• In the event of the Licensee committing a material breach of any material terms and conditions herein contained and failing within 30 days to remedy or make good such breach on receipt of notice in writing from the Licensor specifying the breach complained of the Licensor shall be entitled to revoke the License in which event the Licensee shall vacate and give charge of the Licensed Premises to the Licensor within 30 days of such revocation. (Clause 10)</li></ul>
<b>Indemnification</b>	<ul style="list-style-type: none"><li>• The Licensor shall indemnify and keep indemnified the Licensee against any suit, eviction, action, or demand whatsoever arising in respect of the Licensed Premises or against the Licensee by reason of the Licensee relying upon the representation and warranty (Given in Clause 11) of the Licensor or otherwise including entering into this Leave and License Agreement or any other arrangement with the Licensor in respect of the said Licensed Premises. (Clause 11(i))</li></ul>
<b>Jurisdiction &amp; Governing Law</b>	<ul style="list-style-type: none"><li>• This Agreement shall be governed and constituted in accordance with the laws of India with exclusive jurisdiction of the Courts of Mumbai. (Clause 20)</li></ul>

<b>Stamp Duty &amp; Registration</b>	Rs 100/- ,Maharashtra (Stamp Duty) Nil – (Registration)
<b>Other relevant clauses</b>	<ul style="list-style-type: none"> <li>• The Licensee shall not be liable for any damage to the Licensed Premises or the Society's Premises caused due to factors beyond its control (e.g. earthquake , fire not caused due to Licensee's negligence etc) (Clause 5)</li> <li>• The Licensor represent, warrants, assures and undertakes as follows :-             <ul style="list-style-type: none"> <li>- That the Licensor has good and valid power and authority to grant this Leave and License and to arrive at all suitable arrangements in respect of the Licensed Premises or pertaining thereto with the Licensee and the Licensor has obtained all consents, permissions and approvals as may be necessary in law or otherwise, for the purpose thereof.</li> <li>- The Licensor shall indemnify and keep indemnified the Licensee against any suit eviction, action, claim or demand whatsoever arising in respect of the Licensed Premises or against the Licensee by reason of the Licensee relying upon the aforesaid representation and warranty of the Licensor or otherwise including entering into this Leave and License Agreement or any other arrangement with the Licensor in respect of the Licensed Premises.</li> <li>- There is no material defect in the Licensed Premises, with reference to its intended use or in its title of which the Licensor is aware but the licensee is not aware of.</li> <li>- That the Licensor has not entered into any Agreement for Sale, Lease/ Tenancy, Leave and License in respect of the Licensed Premises or any part thereof and neither mortgaged, charged, hypothecated, pledged or encumbered the Licensed Premises or any part thereof or any interest therein, in any manner, other than the existing home loan from any bank/ financial institution. It is expressly understood that no lien whatsoever arising out of the above mentioned home loan applies to the Licensee.</li> <li>- The Licensee shall be allowed to peacefully and quietly use, occupy and enjoy the Licensed Premises during the term of this Agreement without any interruption or disturbance by the Licensor or by any person claiming through, for, under or in trust for the Licensor. However, the Licensor or his representative may be allowed to visit and inspect the premises from time to time by giving 48 hours notice to the Licensee, to see that everything is in order. (Clause 11)</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• All notices shall be given in writing by prepaid registered post and shall be forwarded to the respective addresses of the parties given herein above or such other address as intimated to the other party.(Clause 17)</li> </ul>
<b>Remarks/ Observations</b>	<p>That the original Leave and License Agreement executed on January 1, 2018 between Funs Properties Private Limited (Licensor) and A B Renewable Energy Private Limited (Licensee) had expired on March 31, 2018. Pursuant to which, a new Leave and License Agreement was executed between the same Parties on <i>April 1, 2018 valid till March 31, 2019.</i></p> <p>According to the Lease and License Agreement executed on April 1, 2018, the Licensee shall pay be Rs 52,224/- <i>plus applicable GST</i> (“Contract Price”) to the <i>Kanakia Resident Private Limited</i> on behalf of Funs Properties Private Limited as license fee and maintenance compensation. Further, the Licensee shall also be liable for the payment of <i>monthly electricity charges and other related dues.</i></p>

**F.2** The Company had entered into a land development MOU (“MOU”) on June 20, 2016 with Shri Narendra Kumar (“Lessor 1”), Shri Vivek Kumar (“Lessor 2”), Shri Anil Kumar (“Lessor 3”), Shri Rohit (S/o Surender Kumar) (“Lessor 4”) (hereinafter collectively referred to as “Lessors”) and Mr. Sanjeev Singh (“Facilitator”) for the purpose of taking on lease the land admeasuring 27.16 acres or 163 bighas at Narsan Kalan, Pragna Manglaur, Roorkee – Tehsil, Haridwar – District, Uttarakhand for a period of 26 years. The important terms and conditions are as follows:

CATEGORY	DETAILS
<b>Parties to the Agreement</b>	<ol style="list-style-type: none"> <li>1. A B Renewable Private Limited (“Lessee”) and</li> <li>2. Shri Narendra Kumar (“Lessor 1”) and</li> <li>3. Shri Vivek Kumar (“Lessor 2”)</li> <li>4. Shri Anil Kumar (“Lessor 3”)</li> <li>5. Shri Rohit (S/o Surender Kumar) (“Lessor 4”)</li> <li>6. Mr Sanjeev Singh (“Facilitator”)</li> </ol>
<b>Date and place of Contract</b>	<p>June 20, 2016</p> <p>Roorkee, District Haridwar, Uttarakhand</p>
<b>Term/Period</b>	<p>26 (Twenty Six) years commencing from June 20, 2016.</p> <p>The Term can be extended for five years on mutual consent.(Clause 3.3)</p>



<b>Purpose</b>	Lessee had been allocated 5MW Solar Power Project by the Uttarakhand Renewable Energy Development Agency and intends to set up a project at Village- Narsan Kalan, Pragna Manglaur, Roorkee – Tehsil, Haridwar, Uttarakhand. The Lessor had offered to lease the Scheduled Property to the Lessee for a period of 26 years.
<b>Consideration</b>	<ul style="list-style-type: none"> <li>• Lessee paid Rs 7,70,000/- (Rupees Seven Lakh, Seventy thousand only) (“Advance Payment”) as advance payment, which has been distributed amongst the Lessors. The rent payable under the lease deed will be Rs 75000/- (Rupees Seventy Five thousand only) per acre per year. The rent payable under the Lease Deed will escalate 15% after every 5 years during the Term of the lease. (Clause 2.1 &amp; 3.3)</li> </ul>
<b>Terms of Payment</b>	<ul style="list-style-type: none"> <li>• The rental payable under the Lease Deed will be Rs. 75000/- (Rupees Seventy Five Thousand rupees only) per acre per year and will be payable from the date of execution of the Lease Deed. The rental payable under the lease deed shall escalate at the rate of 15% every 5 year during the term of lease. (Clause 3)</li> </ul>
<b>Rights and Obligations of the Lessors</b>	<p><b><u>The Lessors and Facilitator undertakes to:-</u></b></p> <ul style="list-style-type: none"> <li>• Procure certificates issued by the State Bank of India evidencing satisfaction of dues at the time of execution of Lease Deed. (Clause 4.2)</li> <li>• Represent that there are no claim/interest over the Schedule Property and is not subject to any past pending or threatened litigation. (Clause 4.3)</li> <li>• Arrange joining of the family members in execution of the lease deed, who shall confirm the leasing of Scheduled Property on passing of consideration. (Clause 4.4)</li> <li>• Represent that as on date of the MOU, they have not entered into any agreement in relation to the Schedule Property with any other person. Represent that all arrears of taxes and municipal charges w.r.t Schedule Property will be paid before the MOU and shall be</li> </ul>

	<p>liable for any such further demand for taxes/ municipal charges. (Clause 4.5)</p> <ul style="list-style-type: none"><li>• Represent that the Schedule Property is not affected by any town/ village panchayat planning/ any other scheme/ land acquisition and no notice of requisition/ acquisition/ setback has been served on the Lessor/ land owner by a statutory/ governmental authority/ local or public body/ authority/ a private party/ company in respect of Schedule Property. (Clause 4.6)</li><li>• Represent that the Schedule Property is not characterized as forest land/ mining land/ command land/ Grant Land. That the Lessors do not belong to a scheduled caste or scheduled tribe and there is no restriction/ disability on transferring the land under a lease under Uttar Pradesh Zamindari Abolition and Land Reforms Act. (Clause 4.7)</li><li>• Represent that no overhead transmission line of Uttarakhand Power Corporation Limited or DISCOM is passing over the land parcel. (Clause 4.8)</li><li>• Represent that the subject line is within the ceiling of the agricultural land under Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950 or under Uttar Pradesh Imposition of Ceiling on Land Holding Act 1960 (as applicable to Uttarakhand). (Clause 4.11)</li><li>• Obtain permission/ declaration for conversion of land for industrial use under section 143 of Uttar Pradesh Zamindari Abolition and Land Reforms Act 1950 (as applicable to Uttarakhand). (Clause 4.12)</li><li>• Obtain approvals to lease the land under section 156 of Uttar Pradesh Zamindari Abolition and Land Reforms Act 1950 from the concerned authority and further take permission to lease the land in excess of prescribed limit under section 154 read with section 152 of Uttar Pradesh Zamindari Abolition and Land Reforms Act 1950 from the concerned authority. (Clause 4.13)</li><li>• Procure all necessary Land Reforms Act approvals within 45 (Forty five) days of signing the ATL and failure to do so will trigger a material breach of the ATL. (Clause 4.14)</li></ul>
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	<p><b><u>Facilitator's Liability:-</u></b></p> <ul style="list-style-type: none"> <li>• The Facilitator acknowledges and agrees that it will be responsible for the procurement of the due and punctual performance and observance by the Lessors of all their payments, performance and other obligations under MOU. It agrees to pay to the Lessee immediately, on written demand all monies, liabilities and obligations which are due from the Lessors to the Lessee under MOU. (Clause 7.1)</li> <li>• Without limiting the generality, the Facilitator undertakes, in the event that the Lessors fail to make payment under clause 6.2 (Termination Clause) to pay an amount equivalent to the Advance Payment along with interest equivalent to 24% per annum on the Advance Payment as mentioned and clause 6.2 of this agreement to the Lessee and an additional amount of Rs. 7,70,000 (Rupees Seven Lakh and Seventy Thousand only). The Facilitator acknowledges that the amount payable under this clause constitutes liquidated damages, and not penalties, in lieu of the lessee's actual damage resulting from the Lessors' failure. The Facilitator further acknowledges that ascertaining the Lessee's actual damage with certainty is difficult and impractical and that the additional amount represents a genuine free estimate of damages <u>likely to be suffered by the Lessee</u>. (Clause 7.2)</li> </ul>
<b>Indemnification</b>	<ul style="list-style-type: none"> <li>• The Lessors and the Facilitator undertakes to indemnify and keep indemnified the Lessee or its successors or legal nominees, from and against, any or all suits, proceedings, awards, decrees, assessments, losses, claims, demands, actions, costs, expenses, damages, and charges including interest, penalties and actual legal fees and expenses that may be asserted against, or suffered or incurred by the Lessee with respect to: <ul style="list-style-type: none"> <li>- the Scheduled Property or any breach of governance or representations of the Lessor or Facilitator; or</li> <li>- in connection with any unpaid taxes and municipal charges in respect of the Schedule Property. (Clause 6).</li> </ul> </li> </ul>
<b>Other Covenants</b>	<p><b><u>Lessee's Rights :-</u></b></p> <ul style="list-style-type: none"> <li>• The Lessee will have the rights to mortgage or otherwise transfer absolutely the whole or any part of its interest to any third party. (Clause 3.4)</li> </ul>

	<ul style="list-style-type: none"><li>• Lessors shall provide all required land documents, old land records including original document (title papers, ID proofs, PAN Card, photographs, address proof and other original documents) which may be required by the Lessee for the registration of the lease deed to be entered pursuant to MOU. (Clause 4.9)</li><li>• The Lessors and Facilitator represent that they have no objection to the construction of transmission lines under the project and undertake to provide all support to the Lessee for issue arising during the construction/ erection of tower and procuring right of way in relation to transmission lines to be installed. (Clause 4.10)</li><li>• The Lessors and Facilitator undertake to execute the lease deed in favour of Lessee (permit to transfer/ sub lease/ mortgage the whole or any part) immediately on receiving the Land Reforms Act Approvals. (Clause 4.15)</li><li>• The Lessor permits and gives unfettered access to the Lessee/ third party to conduct soil test in the Scheduled Property (Clause 4.16) and also to conduct survey of the Scheduled Property to start the Project work. (Clause 4.17)</li></ul>
<b>Event of Default and its Consequences</b>	<ul style="list-style-type: none"><li>• In the event the Lessors fail to procure the Land Reforms Act approval within sixty five (65) days of execution of the MOU or otherwise fail to enter into the Lease Deed before or any defect arises in respect of the title of the Scheduled Property, the Lessee may terminate the MOU whereupon the Lessors agree to :<ul style="list-style-type: none"><li>- Return to the Lessee the total Advance Payment received under Clause 2 within a period of ten (10) days with interest equivalent to 24% per annum on the Advance Payment; from the date of receipt of advance as per this agreement or if the Lessee fails he will pay one year rent to Lessor with interest 24% per annum.</li><li>- Register the Sale Deed</li></ul>Provided that, in the event of a defect arising in respect of the title, the Lessors will be provided with seven (7) days to rectify the defect. (Clause 6.2)</li><li>• In the event the Lessee chooses not to execute a Lease Deed for the Scheduled Property, it may terminate the MOU whereupon the Lessee agrees to :<ul style="list-style-type: none"><li>- Forfeit the total Advance Payment made under Clause 2 and</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>- Cancel the Sale Deed (and the power of attorney granted under the MOU. (Clause 6.3)</li> <li>• The Lessors shall not have the right to cancel the MOU once it is executed. (Clause 6.4)</li> </ul>
<b>Jurisdiction &amp; Governing Law</b>	<ul style="list-style-type: none"> <li>• Governed by the laws of India.</li> <li>• Jurisdiction – Court at Uttarakhand, Roorkee. (Clause 12)</li> </ul>
<b>Dispute Resolution</b>	Court at Uttarakhand, Roorkee will have the exclusive jurisdiction to try and decide the disputes that will arise between the parties with respect to the MOU and the proposed Lease Deed. (Clause 12)
<b>Stamp Duty &amp; Registration</b>	Rs 1,000/- , Uttarakhand (Stamp Duty)

**DSNR Note:**

It may be noted that, based on the MOU, the Company agreed to enter into lease agreements/deeds with all the Lessors. However, only two lease deeds were executed with Lesser 1; and Lesser 2 and Lessor 3 (the details of which are provided below). Based on the confirmation of the Company, no lease agreements/deeds were executed with Lessor 4. In this regard, the Company has confirmed that the part of the total land held by Lessor 4 was not required for the purpose of the development of the solar power plant. Further the Company has confirmed that the MOU has expired.

**F.3** Further to the MOU, the Company has taken on lease land measuring 3.729 Hectares (i.e. 37290 sq. meter/ 9.21 Acre) at Narsan Kalan, Roorkee - Tehsil, Haridwar – District, Uttarakhand, for a period of 28 years (from 10.3.2017 to 10.3.2045) vide Lease Deed dated March 10, 2017 executed at Roorkee, District Haridwar, Uttarakhand, with Shri Narendra Kumar (“Lessor”). Details of the lease deed are stated herein below:

CATEGORY	DETAILS
<b>Parties to the Agreement</b>	1. A B Renewable Private Limited (“Lessee”) and 2. Shri Narendra Kumar (“Lessor”)
<b>Date and place of Contract</b>	March 10, 2017 Roorkee, District Haridwar, Uttarakhand

<b>Term/Period</b>	28 years ( from 10.3.2017 to 10.3.2045)
<b>Purpose</b>	Lessee has been allocated 5MW Solar Power Project by the Uttarakhand Renewable Energy Development Agency (UREDA) vide letter of Award on 01.12.2015 and intends to set up a project at Village- Kalyanpur @ Narsan Kalan, Roorkee - Tehsil, Haridwar - District, Uttarakhand. The Lessor has offered to lease the Scheduled Property to the Lessee for a period of 28 years.
<b>Consideration</b>	Annual Lease rent of Rs 75,000/- (Rupees Seventy Five thousand only) per acre per year i.e Rs 1,85,235/- per hectare per year with agreed annual escalation.
<b>Terms of Payment</b>	<ul style="list-style-type: none"> <li>• The Lessor has leased and conveyed the Scheduled Property on lease for a period of 28 years with mortgage of lease right at an annual lease rent of Rs 75,000/- per acre per year i.e Rs 1,86,235 per hectare per year with the following escalation: <ol style="list-style-type: none"> <li>1. From 1<sup>st</sup> Year to 20<sup>th</sup> Year it will be 4 % per year</li> <li>2. From 21<sup>st</sup> Year to 25<sup>th</sup> Year it will be 5% per year</li> <li>3. And 6% per year from the 26<sup>th</sup> Year onwards till the tenure of the lease period or extended lease period.</li> </ol> </li> <li>• In the first year, 100% of the lease amount will be paid to the Lessor, within 15 days of the execution of this registered lease deed.</li> <li>• From 2<sup>nd</sup> year onward till the tenure of the lease, lease rent will be paid at annual basis on 1<sup>st</sup> April to 30<sup>th</sup> April every year.</li> <li>• Annual rent will only be paid through Account Payee Cheque, NEFT or RTGS</li> </ul>
<b>Rights and Obligations of the Lessor</b>	<p><b><u>The Lessor declares that:-</u></b></p> <ul style="list-style-type: none"> <li>• they are the sole and absolute owner and possessor of the scheduled property. That no other person has any claim or interest over the scheduled property. (Clause 3.1)</li> <li>• the subject land is not affected by any town/ village panchayat planning/ any other scheme/ land acquisition and no notice of requisition/ acquisition/ setback has been served on the Lessor/ land owner by any governmental authority/ semi- governmental authority local or public body/ authority/ a private party/ company in respect of Schedule Property. (Clause 3.2)</li> </ul>

	<ul style="list-style-type: none"><li>• no overhead transmission line of Uttarakhand Power Corporation Limited or DISCOM is passing over the land parcel. (Clause 3.3)</li><li>• He will provide all required land documents, old land records including original document (title papers, ID proofs, PAN Card, photographs, address proof and other original documents) which may be required by the Lessee for the registration of the lease deed to be entered pursuant to MOU. (Clause 3.4)</li><li>• He has provided all clear, subsisting and marketable title free from all encumbrances to take the property on lease in favour of the Lessee. (Clause 3.6)</li><li>• That the identified land is not a ‘Grant Land’ and he does not belong to SC/ST and there in no restriction in transferring the land on lease basis. (Clause 3.7)</li><li>• The scheduled property is free from any charge, encumbrance, litigation, minor’s interest and clear marketable title will be conferred to the Lessee. (Clause 3.9)</li><li>• As on date of the MOU, they have not entered into any agreement for sale, mortgage, lease or exchange relating to the scheduled property (Clause 3.10) and that the scheduled property is not mortgaged with any bank or financial institution or to any other authority/ person /or offered as a collateral security to any loan facility availed by any person. (Clause 3.11)</li><li>• The subject property is within the ceiling/agricultural land of Uttar Pradesh Zamindari Abolition and Land Reforms Act 1950 Or UP Imposition of Ceiling of Land Holding Act 1960. (Clause 3.12)</li><li>• The Lessor undertakes to arrange joining of the family members in execution of the lease deed, who shall confirm the alienation of scheduled property on passing of consideration. (Clause 3.13)</li></ul>
<b>Obligations of the Lessee</b>	<p><b><u>Lessee’s Obligation:-</u></b></p> <ul style="list-style-type: none"><li>• The Lessor confirms that all the arrears of taxes and rates shall be paid before the Lease Deed is registered and shall compensate the Lessee if any demand arises in future. Lessee will pay all the taxes &amp; rates during the lease period.</li></ul>

	<p>Lessee will be liable to pay the taxes &amp; rate only after the execution of registered lease deed. (Clause 3.17)</p> <ul style="list-style-type: none"> <li>• Before the end of lease period or extended lease period, the Lessee will dismantle/ remove all the plant and machinery, civil construction, installation and erection from the land before handing over the vacant land to the Lessor. (Clause 3.22)</li> </ul>
<b>Restrictive Covenants</b>	<ul style="list-style-type: none"> <li>• The Lessee and the Lessor shall not have the right to cancel this lease deed once the Lease Deed is executed. (Clause 3.19)</li> <li>• The Lessor declares that he shall not claim and is not interested in further resettlement or rehabilitation package during the lease period. (Clause 3.20)</li> </ul>
<b>Indemnification</b>	<ul style="list-style-type: none"> <li>• The Lessor shall indemnify and holds harmless the Lessee from and against any claim, cost, expense, liability, demand, judgment, order, award or other obligation or right of action, which may arise as a result : <ul style="list-style-type: none"> <li>a) Defect in the title to the Scheduled Property including land involve in litigation;</li> <li>b) Misrepresentation by the Lessor; and/ or</li> <li>c) Breach or violation of any of the legal, statutory and/or regulatory compliance by the Lessor. (Clause 3.14)</li> </ul> </li> <li>• The Lessor undertakes to indemnify that in the event it is detected the title of the Lessor over the scheduled property either in part or full is defective, the Lessor shall take all possible steps to rectify the defect and it shall be the sole responsibility of the Lessor that the title is defected. In the event of impossibility of performance of this condition, the Lessor shall refund the total amount paid by the Lessee along with 14% per annum interest of the land detected as defective. (Clause 3.24)</li> </ul>
<b>Other Covenants</b>	<p><b><u>Lessee's Rights :-</u></b></p> <ul style="list-style-type: none"> <li>• Lessor declares that they have no objection and will provide all support to Lessee for any issue arising during to the construction of transmission lines under the project and undertake to provide all support to the lessee for issue arising during the construction/ erection of tower and procuring right of way in relation to transmission lines to be installed. (Clause 3.5)</li> </ul>



	<ul style="list-style-type: none"><li>• The Lessee may enjoy the property at its sweet will in any manner including setting up Solar Power Project. (Clause 3.8)</li><li>• The Lessor agrees and undertakes to execute such other documents, agreements, contracts and deeds and so cause to be done all such acts, deeds and things as may be required by Lessee to fulfill their respective obligation under Lease Deed. (Clause 3.15)</li><li>• The Lessor declares that all outstanding issues including court fees, mortgage, liability pertaining to the property shall be settled by the Lessor to the satisfaction of the Lessee. The Lessor assures to the Lessee that he shall resolve all disputes relating to the property and indemnify the Lessee in this regard. (Clause 3.16)</li></ul>
<b>Event of Default and its Consequences</b>	<ul style="list-style-type: none"><li>• The Lessee and Lessor, both undertake to indemnify that if any of the declaration is found to be false/ untrue, it will be an offence of cheating and criminal breach of trust and the Lessor and Lessee shall initiate criminal prosecution in addition to specific civil remedies. (Clause 3.25)</li><li>• The Lessor will clear the defect that arises regarding the title of the property. (Clause 3.18)</li></ul>
<b>Jurisdiction &amp; Governing Law</b>	Laws of India Jurisdiction of Court situated at Haridwar. (Clause 3.23)
<b>Stamp Duty &amp; Registration</b>	Rs 1,52,000/- (Rupees One Lakh and Fifty Two Thousand only ) ( Stamp Duty) Rs 25,000/- ( Rupees Twenty Five Thousand) ( *Registration Fee)

**DSNR Note:**

1. It may be noted that the Lease Deed contains an attachment of an order (in vernacular language) issued by the appropriate adjudicating authority in Roorkee, Uttarakhand. This is in relation to the use of the land mentioned under the Lease Deed and its permitted use for the purpose of development of solar power plant subject to further approvals. The Company has confirmed that it will be providing further documents in this regard.

2. \*It may be noted that the registration of the Lease Deed was undertaken through online registration process. In addition, the Lease Deed does not contain the seal of the Registrar/ Sub-Registrars and/or book number. Accordingly, in our view, it cannot be concluded if the Lease Deed is duly registered until the Company provides further documents/ information in respect of the same. The Company has confirmed that it will be providing further confirmations and/or information in this regard.

3. Further, although the Lease Deed does not require any approval from the Lessor for the purpose of the Proposed Acquisition, it may be advisable to seek confirmation from the Lessor in respect of the change in control in the Company as a result of the Proposed Acquisition.

**F.4** Further to the MOU, the Company has taken on lease land admeasuring 5.332 Hectares (i.e 53320 sq. meter / 13.51 Acre) at Narsan Kalan, Roorkee - Tehsil, Haridwar - District for a period of 28 years (from 10.3.2017 to 10.3.2045) vide Lease Deed dated March 10, 2017 executed at Roorkee, District Haridwar, Uttarakhand, with Shri Vivek Kumar and Shri Anil Kumar (collectively referred to as “Lessor”). Details of the lease deed are stated herein below:

CATEGORY	DETAILS
<b>Parties to the Agreement</b>	1) A B Renewable Private Limited (“Lessee”) and 2) Shri Vivek Kumar 3) Shri Anil Kumar (2 and 3 collectively referred to as “Lessor”)
<b>Date and place of Contract</b>	March 10, 2017 Roorkee, District Haridwar, Uttarakhand
<b>Term/ Period</b>	28 years ( from 10.3.2017 to 10.3.2045)

<b>Purpose</b>	Lessee has been allocated 5MW Solar Power Project by the Uttarakhand Renewable Energy Development Agency (UREDA) vide letter of Award on 01.12.2015 and intends to set up a project at Village- Kalyanpur @ Narsan Kalan, Tehsil- Roorkee, District Haridwar, Uttarakhand. The Lessor has offered to lease the Scheduled Property to the Lessee for a period of 28 years.
<b>Consideration</b>	Annual Lease rent of Rs 75,000/- (Rupees Seventy Five Thousand Only) per acre per year i.e Rupees 1,85,235/- (Rupees One lakh eighty five thousand two hundred and thirty five) per hectare per year with agreed annual escalation.
<b>Terms of Payment</b>	<ul style="list-style-type: none"> <li>• The Lessor has leased and conveyed the scheduled property on lease for a period of 28 years with mortgage of lease right at an annual lease rent of Rs 75,000/- (Rupees Seventy Five Thousand Only) per acre per year i.e Rs 1,86,235 (Rupees One lakh eighty five thousand two hundred and thirty five) per hectare per year with the following escalation; <ol style="list-style-type: none"> <li>1. From 1<sup>st</sup> Year to 20<sup>th</sup> Year it will be 4 % per year</li> <li>2. From 21<sup>st</sup> Year to 25<sup>th</sup> Year it will be 5% per year</li> <li>3. And 6% per year from the 26<sup>th</sup> Year onwards till the tenure of the lease period or extended lease period.</li> </ol> </li> <li>• In the first year, 100% of the lease amount will be paid to the Lessor, within 15 days of the execution of this registered Lease Deed.</li> <li>• From 2<sup>nd</sup> year onward still the tenure of the lease, lease rent will be paid at annual basis on 1<sup>st</sup> April to 30<sup>th</sup> April every year.</li> <li>• Annual rent will only be paid through Account Payee Cheque, NEFT or RTGS</li> </ul>
<b>Rights and Obligations of the Lessor</b>	<p><b>The <u>Lessor declares</u> that:-</b></p> <ul style="list-style-type: none"> <li>• They are the sole and absolute owner and possessor of the scheduled property. That no other person has any claim or interest over the Schedule Property. (Clause 3.1)</li> <li>• The Schedule Property is not affected by any town/ village panchayat planning/ any other scheme/ land acquisition and no notice of requisition/ acquisition/ setback has been served on the Lessor/ land owner by any governmental authority/ semi-governmental authority local or public body/ authority/ a private party/ company in respect of Schedule Property.(Clause 3.2)</li> </ul>

	<ul style="list-style-type: none"> <li>• no overhead transmission line of Uttarakhand Power Corporation Limited or DISCOM is passing over the land parcel. (Clause 3.3)</li> <li>• He will provide all required land documents, old land records including original document (title papers, ID proofs, PAN Card, photographs, address proof and other original documents) which may be required by the Lessee for the registration of the Lease Deed to be entered pursuant to MOU.(Clause 3.4)</li> <li>• He has provided all clear, subsisting and marketable title free from all encumbrances to take the property on lease in favour of the Lessee. (Clause 3.6)</li> <li>• That the identified land is not a ‘grant land’ and he does not belong to SC/ST and there in no restriction in transferring the land on lease basis. (Clause 3.7)</li> <li>• The Schedule Property is free from any charge, encumbrance, litigation, minor’s interest and clear marketable title will be conferred to the Lessee. (Clause 3.9)</li> <li>• As on date of the MOU, they have not entered into any agreement for sale, mortgage, lease or exchange relating to the Schedule Property (Clause 3.10) and that the Schedule Property is not mortgaged with any bank or financial institution or to any other authority/ person /or offered as a collateral security to any loan facility availed by any person. (Clause 3.11)</li> <li>• The Schedule Property is within the ceiling/ agricultural land of Uttar Pradesh Zamindari Abolition and Land Reforms Act 1950 or UP Imposition of Ceiling of Land Holding Act 1960. (Clause 3.12)</li> <li>• Arrange joining of the family members in execution of the Lease Deed, who shall confirm the alienation of Scheduled Property on passing of consideration. (Clause 3.13)</li> </ul>
<b>Obligations of the Lessee</b>	<p><b><u>Lessee’s Obligation:-</u></b></p> <ul style="list-style-type: none"> <li>• The Lessor confirms that all the arrears of taxes and rates shall be paid before the Lease Deed in registered and shall compensate the lessee if any demand arises in future. Lessee will pay all the taxes &amp; rates during the lease period. Lessee will be liable to pay the taxes &amp; rate only after the execution of</li> </ul>

	<p>registered Lease Deed. (Clause 3.17)</p> <ul style="list-style-type: none"> <li>• Before the end of lease period or extended lease period, the Lessee will dismantle/ remove all the plant and machinery, civil construction, installation and erection from the land before handing over the vacant land to the Lessor. (Clause 3.22)</li> </ul>
<b>Restrictive Covenants</b>	<ul style="list-style-type: none"> <li>• The Lessee and the Lessor shall not have the right to cancel this Lease Deed once the Lease Deed is executed.(Clause 3.19)</li> <li>• The Lessor declares that he shall not claim and is not interested in further resettlement or rehabilitation package during the lease period. (Clause 3.20)</li> </ul>
<b>Indemnification</b>	<ul style="list-style-type: none"> <li>• The Lessor indemnifies and holds harmless the Lessee from and against any claim, cost, expense, liability, demand, judgment, order, award or other obligation or right of action, which may arise as a result : <ul style="list-style-type: none"> <li>- Defect in the tile to the Scheduled Property including land involve in litigation;</li> <li>- Misrepresentation by the Lessor; and/ or</li> <li>- Breach or Violation of any of the legal, statutory and/or regulatory compliance by the Lessor. (Clause 3.14)</li> </ul> </li> <li>• The Lessor undertakes to indemnify that in the event it is detected the title of the Lessor over the Schedule Property either in part or full is defective, the Lessor shall take all possible steps to rectify the defect and it shall be the sole responsibility of the Lessor that the title is defected. In the event of impossibility of performance of this condition, the Lessor shall refund back the total amount paid by the Lessee along with 14% per annum interest of the land detected as defective. (Clause 3.24)</li> </ul>
<b>Other Covenants</b>	<p><b><u>LESSES'S RIGHTS :-</u></b></p> <ul style="list-style-type: none"> <li>• Lessor declares that they have no objection and will provide all support to Lessee for any issue arising during the construction of transmission lines under the project and undertake to provide all support to the Lessee for issue arising during the construction/ erection of tower and procuring right of way in relation to transmission lines to be installed. (Clause 3.5)</li> </ul>

	<ul style="list-style-type: none"> <li>• The Lessee may enjoy the property at its sweet will in any manner including setting up Solar Power Project. (Clause 3.8)</li> <li>• The Lessor agrees and undertakes to execute such other documents, agreements, contracts and deeds and so cause to be done all such acts, deeds and things as may be required by Lessee to fulfill their respective obligation under Lease Deed. (Clause 3.15)</li> <li>• The Lessor declares that all outstanding issues including court fees, mortgage, liability pertaining to the property shall be settled by the Lessor to the satisfaction of the Lessee. The Lessor assures to the Lessee that he shall resolve all disputes relating to the property and indemnify the Lessee in this regard. (Clause 3.16)</li> </ul>
<b>Event of Default and its Consequences</b>	<ul style="list-style-type: none"> <li>• The Lessee and Lessor, both undertake to indemnify that if any of the declaration is found to be false/ untrue, it will be an offence of cheating and criminal breach of trust and the Lessor and Lessee shall initiate criminal prosecution in addition to specific civil remedies. (Clause 3.25)</li> <li>• The Lessor will clear the defect that arises regarding the title of the property.(Clause 3.18)</li> </ul>
<b>Jurisdiction &amp; Governing Law</b>	Laws of India Jurisdiction of Court situated at Haridwar. (Clause 3.23)
<b>Stamp Duty &amp; Registration</b>	Rs 2,16,000/- (Rupees Two Lakh and Sixteen Thousand only ) (Stamp Duty) Rs 25,000/- ( Rupees Twenty Five Thousand) ( *Registration Fee)

**DSNR Note:**

1. It may be noted that the Lease Deed contains an attachment of an order (in vernacular language) issued by the appropriate adjudicating authority in Roorkee, Uttarakhand. This is in relation to the use of the land mentioned under the Lease Deed and its permitted use for the purpose of development of solar power plant subject to further approvals. The Company has confirmed that it will be providing further documents in this regard.

2. \*It may be noted that the registration of the Lease Deed was undertaken through online registration process. In addition, the Lease Deed does not contain the seal of the Registrar/ Sub-Registrars and/or book number. Accordingly, in our view, it cannot be concluded if the

Lease Deed is duly registered until the Company provides further documents/ information in respect of the same. The Company has confirmed that it will be providing further confirmations and/or information in this regard.

3. Further, although the Lease Deed does not require any approval from the Lessor for the purpose of the Proposed Acquisition, it may be advisable to seek confirmation from the Lessor in respect of the change in control in the Company as a result of the Proposed Acquisition.

## **F.5 MISCELLANEOUS ASSET**

According to the Axis Fixed Deposit Statement bearing statement generation no: -61635, for the period from April 2, 2017 to March 3, 2018, the Company has a fixed deposit account in Axis Bank, bearing account no. 918040003456180, with a total balance of Rs 56,99,526.00/- (Rupees Fifty-Six Lakhs Ninety-Nine Thousand Five Hundred and Twenty Six only).

## CHAPTER G INSURANCE

Details of total of 4 (four) insurance policies availed by A B Renewable Energy Private Limited from Bharti AXA General Insurance Company Ltd and ICICI Lombard General Insurance Company Limited characterized into viz., (i) Commercial General Liability; and (ii) Industrial All Risk are as follows:

S. No.	Type of Insurance Policy	Policy no./Cover note no.	Coverage	Total sum insured (in Rs.)	Premium	Date of policy	Date of expiry
1.	Commercial General Liability  (From Bharti AXA General Insurance Company Ltd)	GHS/Q 010784 2/23	1. Staff Mediclaim Insurance Policy	-	INR 186,711.99 /-	March 19, 2018	March 06, 2019
2.	Industrial All Risks Insurance Policy  (from ICICI Lombard General Insurance Company Limited)	4002/13 092810 9/01/00 0	Burglary Insurance Policy	INR 300,000,000.00/-	INR 53,091.74/-	May 30, 2018	May 09, 2019 (Midnight)
		1001/14 930382 2/00/00 0	Standard Fire and Special Peril Insurance Policy	INR 300,000,000.00/-	INR 243,364.38 /-	May 30, 2018	May 09, 2019 (Midnight)
		1002/13 163587 8/01/00 0	Fire Loss of Profit (FLOP) Insurance Policy – Consequential Loss (Fire) Insurance Policy	**	INR 31,610.00/-	May 31, 2018	May 29, 2019 (Midnight)



**DSNR Note:**

**\*\*The Basic FLOP Sum Insured is INR 35,000,000.00/-. Please note that the Total Sum Insured mentioned in the Specification is INR 339,600,000.00/-**

**Indemnity and Other Material Provisions:**

**The Indemnity:** The amount which the Insured is entitled to recover under the provisions of the attached Specification which is declared to be incorporated in and to form part of this Schedule but not exceeding the total sum insured hereby.

The Insurance under item No. 1 is limited to loss of Gross Profit due to (a) **REDUCTION IN TURNOVER** and (b) **INCREASE IN COST OF WORKING** and the amount payable as indemnity thereunder shall be –

**IN RESPECT OF REDUCTION IN TURNOVER:** the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.

**IN RESPECT OF INCREASE IN COST OF WORKING:** the additional expenditure (subject to the provisions of Memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity period in consequence of the Damage but not exceeding the sum produced by applying the Rate of gross profit to the amount of the reduction thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced in consequence of the damage:

Provided that if the Sum Insured by this item be less than the sum produced by applying the Rate of Gross Profit to (where the indemnity Period exceeds 12 months insert 'times' as maybe appropriate e.g. for 18 months, insert one and a half times) the Annual Turnover, the amount payable shall be proportionately reduced.

Sindicatum may seek clarifications from the Company in respect of the above.

## **CHAPTER H LITIGATION**

No documents or information has been provided by the Company in respect of any claims, disputes, investigations, litigation, arbitrations and/or defaults, in relation to the Company, its directors, shareholders and/or any of its subsidiaries/affiliates, whether threatened, possible and/or ongoing.

## **CHAPTER I INTELLECTUAL PROPERTY**

No documents or information has been provided by the Company in respect of any intellectual property being filed for registration.

## **CHAPTER J INCOME TAX**

As per the ITR Acknowledgement for the AY 2017-18, the Company had total income of Rs. 0 (NIL) and tax payable was Rs. 0 (NIL).