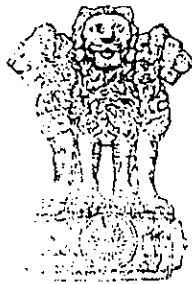


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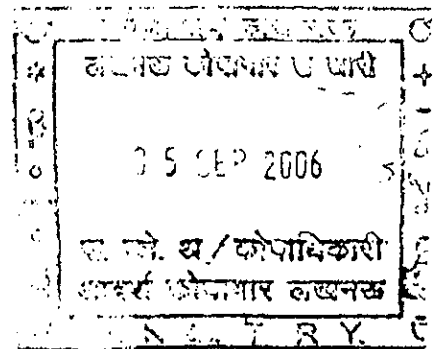


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THIS POWER SALE AGREEMENT ("PSA") is made on this 27th day of September Two Thousand Six between:

PTC India Limited (formerly known as Power Trading Corporation of India Limited), a public limited company incorporated under the Companies Act, 1956, having its registered office at 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi - 110066 (hereinafter referred to as "PTC", which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns); and

Uttar Pradesh Power Corporation Limited, a State Government Utility, having its Registered Office at Shakti Bhawan, Lucknow - 226 001 (hereinafter referred to as the "Purchaser", which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns);

each also individually referred to as the "Party", and collectively referred to as "Parties".

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WHEREAS:

- (A) PTC has been established with an objective, *inter-alia*, to carry out in India and abroad, the business of purchase of all forms of electrical power from independent power producers, captive power plants and other generating companies, state electricity boards, state government statutory bodies, licensees, power utilities, and sale of all forms of electrical power to the state electricity boards, power utilities, bulk consumers of power and other organizations buying power, whether in the private or public sector.
- (B) The Purchaser has been established with an objective, *inter alia* to purchase electricity from generating companies, licensees and other persons notified by the state government.
- (C) PTC has entered into a Power Purchase Agreement (hereinafter referred to as "PPA") on the 28th of July, 2006, with M/s. Teesta Urja Limited (the "Company"), a public limited company incorporated under the Companies Act, 1956, to purchase the entire capacity and corresponding electricity at the Delivery Point, from its proposed hydroelectric generating facility having gross capacity of One Thousand Two Hundred (1200) MW, comprising of six (6) Units of 200 MW each in North District in the state of Sikkim (the "Project"), for a period of thirty five (35) years from the Commercial Operation Date of the Project.
- (D) PTC has offered to sell to the Purchaser and the Purchaser has agreed to purchase 200 MW gross power, generated at the generator terminals, at the Delivery Point for a period of thirty five (35) years from the Commercial Operation Date of the Project.
- (E) PTC and the Purchaser hereby enter into this Power Sale Agreement (the "PSA") to record and set out the terms and conditions for sale of power from the Project by PTC to the Purchaser.

NOW THEREFORE, IN CONSIDERATION OF THE PREMISES AND MUTUAL AGREEMENTS, COVENANTS AND CONDITIONS SET FORTH HEREIN, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:


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SECTION 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalized terms used in this Agreement, unless defined below shall have the meaning as defined in the PPA. Further, terms used in this Agreement, unless defined below or in the PPA or repugnant to the context, shall have the same meaning as assigned to them by the Electricity Act, 2003 and the rules or regulations framed thereunder as amended or re-enacted or superceded from time to time:

"Affected Party"	has the meaning specified in Section 10.1.1;
"Affiliate"	has the meaning specified in Section 15.7.2;
"Annual Generation Plan"	has the meaning specified in Section 7.4;
"Arbitration"	means the resolution of a dispute between the Parties in accordance with Section 13.4;
"Arbitrator"	has the meaning specified in Section 13.3.2;
"Bill Dispute Notice"	means the notice issued by the Party to the other Party on receipt of a Purchaser Monthly Bill or Purchaser Weekly Bill or a PSA supplementary Bill, as set out in Section 9.6.2;
"Business Day"	means a day other than a Sunday or a statutory holiday on which banks are open for business in Delhi;
"Central Transmission Utility" or "CTU"	means any Government company which the Central Government may notify under sub-section (1) of section 38 of Electricity Act, 2003, presently being Power Grid Corporation of India Ltd;
"CERC"	means the Central Electricity Regulatory Commission, as defined in the Electricity Act, 2003, or its successors;
"CERC Interstate Transmission Regulations"	means the regulations for open-access to interstate transmission system notified by CERC vide its order dated 30 th January 2004, as amended from time to time;
"Change in Law"	has the meaning specified in Section 11.1;
"Commercial Operation Date" or "COD"	means, in relation to a Unit, the date on which such Unit has been Commissioned; or in relation to the Project, the date on which the last Unit is Commissioned;
"Company"	has the meaning specified in Recital C;
"Confidential"	has the meaning specified in Section 15.8.1;

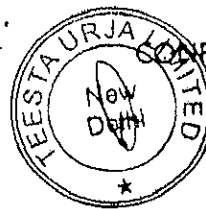


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"Conditions Precedent"	means all the conditions as specified in Section 3.1 that are to be fulfilled or waived by the relevant Party;
"Consultation Period"	means the period, commencing from the date of issue of a PTC Preliminary Termination Notice or a Purchaser Preliminary Termination Notice, for consultation between the Parties to mitigate the consequence of the relevant event having regard to all the circumstances and to prevent termination of this Agreement;
"Control Centre"	shall be the RLDC;
"Daily Despatch Schedule"	means the daily schedule for the following day containing the details of Declared Capacity and the Despatched Power for the relevant day for each Settlement Period of a day notified by the Control Centre;
"Daily Drawal Schedule"	means the daily schedule for the following day, given by the SLDC to the RLDC, containing the power as the Purchaser / SLDC may decide to draw, out of the Declared Capacity, for each Settlement Period;
"Daily Generation Capability Schedule"	means the daily schedule containing the Declared Capacity, MWh capability and other data for each Settlement Period for the following day, pursuant to Section 7.6.1 (and Article 7.3.2 of the PPA), notified by the Company to the Control Centre and thereafter by the Control Centre to the Purchaser through the SLDC;
"Declared Capacity"	means the Power Output at Delivery Point or any other point acceptable to RLDC/Control Centre, during any Settlement Period, as declared by the Company in its Daily Generation Capability Schedule or revised Daily Generation Capability Schedule regardless of constraints in the Grid;
"Deemed Generation"	<p>means in relation to a period, the energy corresponding to the Deemed Power during such period;</p> <p>Apportionment of such Deemed Generation for the Purchaser shall be in proportion of its share in capacity. Energy charges on the above account shall not be admissible if the energy sold to the Purchaser during the year is equal to or more than the prorata Design Saleable Energy.</p>
"Deemed Power"	means in relation to a Settlement Period, the Declared Capacity less the Despatched Power, that would have been delivered by the Company but for the Despatch Instructions for such Settlement Period notified by the Control Centre; provided and to

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the extent that, such reduction results in spillage of water, and such Deemed Power being limited to the Design Energy Output in any given year;

"Delivery Point" means the point of interconnection with the CTU or a Transmission Licensee, from where open access in accordance with CERC Interstate Transmission Regulations is available and at which the risk and title of the Purchaser Billable Power and Purchaser Billable Energy shall pass from the Company to PTC and shall further pass from PTC to the Purchaser;

"Disputes" has the meaning specified in Section 13.2.1;

"Electricity Laws" means the Electricity Act, 2003 and the rules and regulations made there under from time to time along with amendments and replacements thereof in whole or in part and all other Laws pertaining to electricity;

"Escrow Account" has the meaning as specified in Section 9.5.11(i);

"Escrow Agent" has the meaning as specified in Section 9.5.11(i);

"Expiry Date" means the thirty fifth (35th) anniversary of the Commercial Operation Date of the Project;

"Extended Force Majeure" shall have the meaning assigned to it in Section 14.3;

"Force Majeure" has the meaning as specified in Section 10.2;

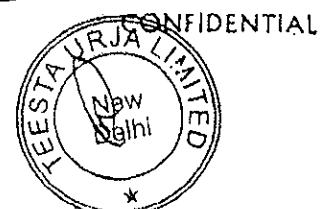
"Free Power" means the quantum of power (in kW or multiples thereof) supplied free of cost by the Company at or before the Delivery Point to the Project State Government. This shall be equal to 12% (twelve percent) of net generation for the first 15 (fifteen) Tariff Years from the COD and 15% (fifteen percent) of net generation from the start of the 16th (sixteenth) Tariff Year till the end of the term of this Agreement;

"Governmental Instrumentality" means any agency constitutionally or legislatively created to perform functions of the Government of India or any political subdivision thereof (which shall include any judicial, regulatory, executive or other governmental body including any agency, department, board, instrumentality, commission, office or authority) (except that for the purpose of this Agreement, PTC and the Purchaser shall be deemed always to be acting in their commercial capacity and will not be considered to be a Governmental Instrumentality);

the Purchaser shall have no commercial capacity and shall not be a Governmental Institution.

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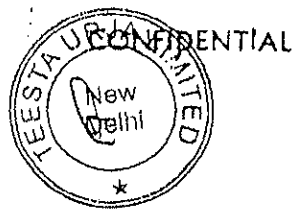
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"Grid"	means the transmission network after the Delivery Point, through which the Energy Output is to be evacuated from the Project and up to the point of drawal into the Purchaser's system;
"Indian Electricity Grid Code" or "IEGC"	means the Grid Code specified by the Central Electricity Regulatory Commission under Section 79 of the Electricity Act, 2003;
"Law"	means, in relation to this Agreement, all laws and Electricity Laws in force and includes any statute, decree, ordinance, regulation, notice, circular, code, rule or direction, or any interpretation of any of them by Governmental Instrumentality in India and/or in relevant states and also includes all applicable rules, regulations, orders, directions, notifications by a Governmental Instrumentality pursuant to or under any of them;
"Monitored Capacity Failure"	means the failure by the Company to make available the Declared Capacity, pursuant to a Monitoring Notice;
"Monitoring Notice"	has the meaning specified in Section 7.8;
"Month"	means a calendar month;
"Operating Procedures"	has the meaning specified in Section 7.2;
"Party" and "Parties"	has the meaning specified in the recital to this Agreement;
"Payment Rebate"	means the rebate admissible to the Purchaser for amounts paid within the PSA Due Date /timely payment of a Purchaser Monthly Bill or Purchaser Weekly Bills or a PSA Supplementary Bill raised for adjustments required by the REA, in accordance with Section 9;
"Payment Security Mechanism"	means a Purchaser Letter of Credit and an escrow facility to be provided by the Purchaser as payment security to PTC, in accordance with Section 9.5;
"Payment Surcharge "	means the surcharge payable by either Party for delay in payment of a Purchaser Monthly Bill or Purchaser Weekly Bill or a Supplementary Bill, as the case may be, beyond the period of thirty (30) days from the PSA Due Date;
"PPA" or "Power Purchase Agreement"	means the document including its Schedules containing the terms and conditions for purchase of power by PTC from the Company, as mutually agreed to and entered into, on the 28 th July 2006;
"PTC India Limited" or "PTC"	means the PTC India Limited as defined in the Recitals;

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"Power Sale Agreement" or "PSA" or "Agreement"	means this document including its Annexures, if any, containing the terms and conditions for purchase of power by the Purchaser from PTC;
Primary Energy Rate	shall have the meaning as specified in Paragraph 36 of CERC Tariff Regulations;
"PSA Due Date"	<p>means the twenty seventh (27th) day after a Purchaser Monthly Bill is issued by PTC or a PSA Supplementary Bill is issued by either PTC or the Purchaser or the seventh (7th) day after a Purchaser Weekly Bill is issued by PTC (or, if such day is not a Business Day, the immediately succeeding Business Day) by which date such bill is payable, provided that such bill shall also be deemed to have been received upon the occurrence of any of the following:</p> <ul style="list-style-type: none">(i) receipt through facsimile transmission, or(ii) receipt through electronic transmission (as acknowledged by the Purchaser), or(iii) receipt in physical form through courier service or any other means. <p>Except for payment of bills relating to open access charges where the payment shall be made by the Purchaser to PTC within three (3) Business Days of receipt of PTC's bill.</p>
"PSA Supplementary Bill"	<p>means a bill, other than a Purchaser Monthly Bill, raised by either Party in accordance with Section 9.8.1, provided further that such bill shall be deemed to have been received upon the occurrence of any of the following:</p> <ul style="list-style-type: none">(i) receipt through facsimile transmission, or(ii) receipt through electronic transmission (as acknowledged by the Purchaser), or(iii) receipt in physical form through courier service or any other means;
"PTC Event of Default"	has the meaning specified in Section 14.1;
"PTC Designated Account"	has the meaning specified in Section 9.3.4;
"PTC Preliminary Termination Notice"	means the notice issued by the PTC to the Purchaser stating PTC's intention to terminate this Agreement as a result of a Purchaser Event of Default;

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"PTC Termination Notice"	means the notice issued by PTC to the Purchaser for termination of this Agreement as a result of a Purchaser Event of Default;
"Purchaser"	has the meaning specified in the Recital;
"Purchaser Bill"	means a bill raised by PTC on the Purchaser for Tariff Payment in respect of each completed Month or Week as the case may be;
"Purchaser Billable Energy"	means energy corresponding to Purchaser Billable Power;
"Purchaser Billable Power"	means in relation to a Settlement Period, the Power Output at the Delivery Point supplied to the Purchaser in proportion of Purchaser Contracted Power to the Rated Capacity;
"Purchaser Contracted Energy"	means energy corresponding to the Purchaser Contracted Power, as specified in Section 4.3;
"Purchaser Contracted Power"	means in relation to the Project, 200 MW of gross electrical power output at the Project bus bar and to be further adjusted for Auxiliary Consumption, for transmission losses from the Project bus bar upto the Delivery Point and for Free Power at the Delivery Point; at the Site Reference Conditions and in accordance with the limits of Grid conditions specified in Schedule C of the PPA;
"Purchaser Event of Default"	has the meaning specified in Section 14.2;
"Purchaser Letter of Credit"	means the revolving, irrevocable letter of credit provided by the Purchaser to PTC, as specified in Section 9.5.1;
"Purchaser Monthly Bill"	means the bill raised by PTC for tariff payment in respect of each completed Month under the PSA, provided further that such bill shall be deemed to have been received upon the occurrence of any of the following: (i) receipt through facsimile transmission, or (ii) receipt through electronic transmission (as acknowledged by the Purchaser), or (iii) receipt in physical form through courier service or any other means;
"Purchaser Weekly Bill"	means the bill raised by PTC under the PSA for tariff payment individually in respect of each of the following four parts of a Month, starting respectively from 00:00 hrs of the 1st, 9th, 16th and 24th day of a Month and ending at 24:00 hrs of 8th, 15th, 23rd and the last day of the Month respectively, provided further that

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such bill shall be deemed to have been received upon the occurrence of any of the following:

- (i) receipt through facsimile transmission, or
- (ii) receipt through electronic transmission (as acknowledged by the Purchaser), or
- (iii) receipt in physical form through courier service or any other means;

"Purchaser Preliminary Termination Notice"

means the notice issued by the Purchaser to PTC, stating the Purchaser's intention to terminate this Agreement as a result of a PTC Event of Default;

"Purchaser Termination Notice"

means the notice issued by the Purchaser to PTC for termination of this Agreement as a result of a PTC Event of Default;

"Real Time Gross Settlement"

shall mean real time gross settlement arrangements made available by banks currently or any other such arrangements that may become available in future;

"Regional Energy Accounts" or "REA"

means the accounts of power and energy delivered by the Company and drawn by the Purchaser, as Issued by the appropriate agency for each Week and/or for each Month, including the revisions and amendments thereof;

"RLDC"

means the relevant Regional Load Despatch Centre, as defined in the Electricity Laws, in the region in which the Project is located;

"RPC"

means the relevant Regional Power Committee or successors thereof, as defined in the Electricity Laws;

"SLDC"

means the State Load Despatch Centre, as defined in the Electricity Act, 2003, in relation to the Purchaser;

"Tariff" or "Tariff Payment"

means the tariff payable in accordance with the PPA;

"Tariff Adjustment"

means increase or decrease in the payment of the Purchaser Monthly Bill or Purchaser Weekly Bill on account of Change in Law or any applicable changes, other than on account of (i) Payment Rebate, or (ii) Payment Surcharge;

"Tax"

means any Indian tax, duty, impost or levy of any nature howsoever called charged, levied or imposed by a Governmental Instrumentality (whether central, state or local) in relation to the Project or to PTC;

"Term of Agreement"

has the meaning specified in Section 2.1;

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TEESTA-III LIMITED
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is the rate per kwh of billed energy payable by the Purchaser to PTC for trading of such energy in accordance with this Agreement in addition to the tariff payments payable by the Purchaser to PTC for amounts payable by PTC to the Company pursuant to the PPA:

means the energy corresponding to the difference between the Despatched Power and the Power Output over a given period;

means a calendar week commencing from 00:00 hours of Monday, and ending at 24:00 hours of the following Sunday;

1.2 Interpretation

Save where the contrary is indicated, any reference in this Agreement to:

- 1.2.1 a "Recital ", a "Section ", an "Annexure" and a "Paragraph " shall be construed as a reference to a Recital, a Section, an Annexure and a Paragraph respectively of this Agreement.
- 1.2.2 a "day" means a calendar day.
- 1.2.3 a "person" shall be construed as a reference to any person, firm, company, corporation, society, trust, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the above and a person shall be construed as including a reference to its successors, permitted transferees and permitted assigns in accordance with their respective interests.
- 1.2.4 the "winding-up", "dissolution", "insolvency", or "reorganization" of a company or corporation or any other entity shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation or such other entity is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganization, dissolution, arrangement, protection or relief of debtors.
- 1.2.5 words importing the singular shall include the plural and vice versa.
- 1.2.6 this Agreement or any other agreement or document or other instruments shall be construed as a reference to this or, to such other agreement or document or instrument as it may have been, or may from time to time be, amended, modified, varied, novated, substituted, replaced, supplemented or assigned from time to time.
- 1.2.7 a Law shall be construed as a reference to such Law including its amendments or re-enactments from time to time.
- 1.2.8 a time of day shall, save as otherwise provided in any agreement or documents, be construed as a reference to Indian Standard Time.

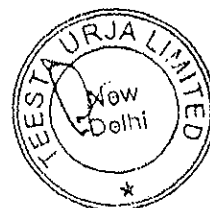
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- 1.2.9 an "encumbrance" shall be construed as a reference to a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person or any other type of preferential arrangement (including, without limitation, title transfer and retention arrangements) having a similar effect.
- 1.3 Different parts of this Agreement are to be taken as mutually explanatory and supplementary to each other and if there is any inconsistency between or among the parts of this Agreement, they shall be interpreted in a harmonious manner so as to give effect to each part.
- 1.4 The table of contents and any headings or sub-headings in this Agreement have been inserted for ease of reference only and shall not affect the Interpretation of this Agreement.
- 1.5 All interest payable under this Agreement shall accrue from day to day and be calculated on the basis of a year of three hundred and sixty five (365) days.
- 1.6 The rule of construction, if any, that a contract should be interpreted against the parties responsible for the drafting and preparation thereof, shall not apply.
- 1.7 The words "include" or "including" shall be deemed to be followed by "without limitation" or "but not limited to" whether or not they are followed by such phrases.

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New Delhi



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SECTION 2 TERM OF AGREEMENT

2.1 Effective Date and Term of Agreement

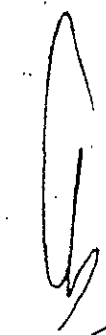
2.1.1 This Agreement shall become effective upon the date of its execution by the Parties. The Agreement shall have a term from such date of execution by the Parties until the Expiry Date ("Term of Agreement"), when it shall automatically terminate, unless terminated earlier, pursuant to Section 2.2.

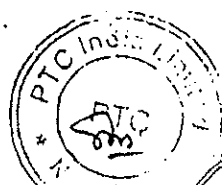
2.1.2 Notwithstanding the above, it is agreed between the Parties that the obligation of PTC to sell Purchaser Contracted Power and Purchaser Contracted Energy from the Project to the Purchaser and the obligation of the Purchaser to purchase such Purchaser Contracted Power and Purchaser Contracted Energy from PTC shall not become effective until the Conditions Precedent specified in Section 3 are either satisfied or waived in accordance with this Agreement.

2.2 Early Termination

This Agreement shall terminate before the Expiry Date:

- (i) if either the Purchaser or PTC exercises a right to terminate, pursuant to Section 14 or Section 3.3; or
- (ii) if the Project is abandoned by the Company due to unforeseen circumstances, as provided in the PPA in accordance with Article 5.10 of the PPA; or
- (ii) in such other circumstances as the Purchaser and PTC may mutually agree in writing.


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SECTION 3 CONDITIONS PRECEDENT

3.1 General

The Conditions Precedent and obligations of the Parties with regard thereto, are as specified below and the Parties shall use reasonable endeavours to provide the required documents and take all actions to satisfy the Conditions Precedent within twelve (12) months from the date of execution of this Agreement, or such extended period as may be mutually agreed by the Parties.

3.1.1 Conditions Precedent that may be waived by the Purchaser

The following are the Conditions Precedent for the effectiveness of the Purchaser's obligations under this Agreement, which may be unilaterally waived by the Purchaser by notifying PTC in writing:

- (i) The Purchaser shall have received a legal opinion, reasonably satisfactory to the Purchaser, from a legal counsel to PTC, confirming PTC's authority to enter into this Agreement and the enforceability of the provisions contained herein;
- (ii) The Purchaser shall have received copies of resolutions adopted by the PTC's Board of Directors authorizing the execution, delivery and performance by PTC of this Agreement, which resolutions shall be certified by the PTC's Company Secretary;

3.1.2 Conditions Precedent that may be waived by PTC

The following are the Conditions Precedent for the effectiveness of PTC's obligations under this Agreement, which may be unilaterally waived by PTC by notifying the Purchaser in writing:

- (i) PTC shall have received a legal opinion, reasonably satisfactory to the PTC, from a legal counsel to the Purchaser, confirming the Purchaser's authority to enter into this Agreement and the enforceability of the provisions contained herein;
- (ii) PTC shall have received copies of resolutions adopted by the Purchaser's board of directors authorizing the execution, delivery and performance by the Purchaser of this Agreement, which resolutions shall be certified by the Purchaser's secretary;

3.1.3 Conditions Precedent that may be waived by mutual consent

The following are the Conditions Precedent, which may be waived by mutual written consent of both the Parties:

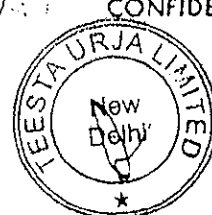
- (i) the Conditions Precedent under the PPA shall have been duly satisfied or waived in accordance with the PPA by the Company and PTC, pursuant to which the PPA shall have become effective;

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The Party that is responsible for satisfying a particular Condition Precedent under this Section 3.1.3 may request waiver of such Condition Precedent by notifying the other Party in writing of its intention to seek such waiver. If the other Party provides its consent in writing that it no longer requires the satisfaction of such Condition Precedent, the performance of such Condition Precedent shall be waived.


3.2 Duty to Inform

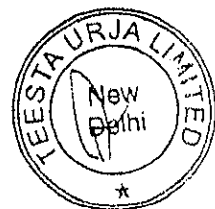
Each Party, that is responsible for satisfying a particular Condition Precedent, shall keep the other Party informed in writing of the progress of the Condition Precedent specified in Section 3.1 above and also upon the fulfilment or waiver of such Condition Precedent, as the case may be.

3.3 Right to terminate

3.3.1 If the Conditions Precedent listed in Section 3.1 are not duly satisfied or waived by PTC or the Purchaser, as the case may be, within twelve (12) months of the date of execution of this Agreement, or such extended time as may be mutually agreed between the Parties in writing, either Party may terminate this Agreement by giving a written notice of termination to the other Party not earlier than twelve (12) months from the date of execution of this Agreement; and this Agreement shall stand terminated twelve (12) months from the date of such notice unless the Conditions Precedent have been satisfied by such date.

3.3.2 Neither Party shall have any liability whatsoever to the other Party as a result of the termination of this Agreement pursuant to this Section.


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SECTION 4 PRINCIPAL OBLIGATIONS OF THE PARTIES

4.1 PTC's Obligations

PTC agrees and undertakes:

- (i) to require the Company to deliver the Purchaser Contracted Power and Purchaser Contracted Energy, in accordance with the terms of the PPA (a copy of which is attached as Annexure – C to this Agreement);
- (ii) to sell Purchaser Contracted Power and Purchaser Contracted Energy to the Purchaser in accordance with this Agreement at the Delivery Point after adjusting for losses, if any, between the Project generator terminals and the Delivery Point;
- (iii) to obtain on behalf of the Purchaser the long-term open access for adequate transmission capacity from the Central Transmission Utility pursuant to the CERC Interstate Transmission Regulations to enable wheeling of Purchaser Contracted Power and Purchaser Contracted Energy from the Delivery Point through the CTU's system up to the CTU drawal point in the Purchaser's state;
- (iv) to pay on behalf of the Purchaser the wheeling and any other charges to the CTU and any other entities that may be involved, including all charges applicable pursuant to the CERC Interstate Transmission Regulations for the long-term open access obtained by PTC pursuant to Section 4.1 (iii) above;

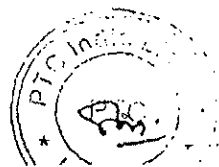
The Parties agree that, under this Agreement, PTC is primarily obligated to deliver Purchaser Contracted Power and Purchaser Contracted Energy to the Purchaser that PTC, in turn, purchases under the PPA.

4.2 Purchaser's Obligations

The Purchaser agrees and undertakes:

- (i) to make available any information and/or documents that may be reasonably required by PTC pursuant to this Agreement or the PPA;
- (ii) to offtake Purchaser Contract Power and Purchaser Contracted Energy at the Delivery Point;
- (iii) to pay the amounts due against Purchaser Monthly Bills or Purchaser Weekly Bills and PSA Supplementary Bills to PTC by the respective PSA Due Dates, including the amounts in connection with obtaining and maintaining long term open access for the transmission of power from the Delivery Point to the CTU drawal point in the Purchaser's state;
- (iv) to pay PTC's Trading Margin;

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- (v) to be in compliance with Laws and act in accordance with Prudent Utility Practices, relevant orders, notifications and regulations of CERC, RLDC, RPC and IEGC (including reactive power management), so as to meet all its obligations under this Agreement;
- (vi) to co-operate with PTC to facilitate the Initial Performance Tests, the Periodic Performance Tests and Commissioning of the Units and the Project;
- (vii) to make available to PTC all information and co-operation as may be necessary, to obtain and maintain long-term open access for adequate transmission capacity from the Central Transmission Utility for transmission of Purchaser Contracted Power and Purchaser Contracted Energy;
- (viii) to complete all arrangements, as required, 30 days prior to RCOD or such other earlier date as may be communicated in writing by PTC in accordance with Article 6.1.1 of the PPA for timely and proper evacuation and transmission of Purchaser Contracted Power and Purchaser Contracted Energy; and
- (ix) to duly make available and maintain the Payment Security Mechanism pursuant to Section 9.5 of this Agreement.

4.3 Right to Electrical Output

- 4.3.1 Subject to the terms and conditions of this Agreement, PTC undertakes to sell the Purchaser Contracted Power and Purchaser Contracted Energy to the Purchaser and the Purchaser undertakes to purchase the Purchaser Contracted Power and Purchaser Contracted Energy and pay to PTC the amounts due under the terms of this Agreement. The risk and title to power and energy shall be transferred from PTC to the Purchaser at the Delivery Point. The Purchaser's share of the Declared Capacity shall be in the proportion of 200 MW to the gross Rated Capacity of the Project in each Settlement Period, starting from the COD of the first Unit and continuing for the Term of Agreement. The Purchaser Contracted Energy shall be in such proportion of the energy generated corresponding to the Rated Capacity under the PPA as the proportion of 200 MW to the gross Rated Capacity. The Purchaser shall receive its share of Secondary Energy in the same proportion as that of the Purchaser Contracted Energy with respect to the energy generated corresponding to the Rated Capacity under the PPA.
- 4.3.2 Notwithstanding anything to the contrary in this Agreement, PTC shall not be in breach of this Agreement if, due to termination of the PPA or otherwise, PTC supplies power at mutually agreed rates to the Purchaser from one or more alternative sources.
- 4.3.3 If the Purchaser fails to pay the amounts due under the terms of this Agreement within the applicable PSA Due Date, then PTC shall have the right to divert and sell the Purchaser Contracted Power and Purchaser Contracted Energy to a third party at the risk and cost of the Purchaser. PTC shall be obligated to restart supply of the power only seven days after all payments due are received along with applicable

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surcharge. In the event that PTC requires to use the Purchaser's transmission system for supply of Purchaser Contracted Power to any third party during the period of such default, Purchaser shall assist PTC in accordance with the provisions of Section 9.5.8.

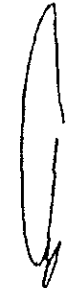
4.3.4 If the Purchaser continues to fail to pay to PTC the amounts due under the terms of this Agreement for a period of thirty (30) days after the applicable PSA Due Date, such event shall be a Purchaser Event of Default and provisions of Section 14 shall apply.

4.4 Purchaser's Observation Visits

The Purchaser shall have the right to request PTC to arrange for authorized representatives of the Purchaser to observe the progress of the construction of the Project, the Commissioning of the Units or Project, as the case may be, or operation of the Project upon reasonable prior written notice to PTC. All such authorized representatives undertaking such observation visits on behalf of the Purchaser shall comply with reasonable safety and other applicable procedures notified to them by the Company. PTC shall request the Company to provide suitable accommodation for such authorized representatives. All costs in relation to any such visit shall be borne by the Purchaser.

4.5 Payment of Taxes

Each Party shall duly pay all Taxes applicable to it and comply with all rules and regulations as regards such Taxes and not do or omit to do or cause or suffer to be done anything which could reasonably be expected to adversely affect or prejudice the interest and rights of the other Party in any manner whatsoever. The Parties agree to indemnify each other in this regard.


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SECTION 5 CONSTRUCTION

5.1 General

PTC shall require the Company to design, construct, complete and Commission the Project in accordance with the PPA.

5.2 Construction Reports

PTC shall, upon receipt from the Company, provide the Purchaser with construction reports on the status of construction of the Project following commencement of construction and continuing until the Commercial Operation Date of the Project.

5.3 Abandonment due to unforeseen circumstances

The Parties agree that during the construction of the Project, the Project's design may be subject to changes arising due to unforeseen and unpredictable conditions limited to geological, hydrological and hydro geological structures, ground water and geophysical configuration of the areas below the surface of the ground and such changes may also involve additional work. If the Company determines in its sole discretion, and the same is certified by the Expert, that the construction of the Project must be terminated permanently due to above-mentioned conditions, the Company shall be entitled to abandon the Project, provided that such abandonment occurs not later than eighteen (18) Months after the date of Financial Close. The Parties agree that if the Project is revived and Commissioned within eighteen (18) months of abandonment and the Company gives a notice to PTC of such a revival as provided for in the PPA, and PTC further issues a notice to the Purchaser and offers the Purchaser Billable Power and Purchaser Billable Energy to the Purchaser at the same terms and conditions, as contained in this Agreement, then the Purchaser shall accept such offer within 10 days of such offer;

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SECTION 6 SYNCHRONISATION, TESTING AND COMMISSIONING

6.1 Synchronization

PTC shall require the Company, in accordance with the provisions of the PPA, to synchronize its Units, on a date, which date shall not be earlier than the Scheduled Synchronization Date, unless PTC consents to an earlier synchronization date in writing. However, if related transmission system is available, the Company shall be free to carry out early synchronisation. PTC shall provide to the Purchaser, on receipt, a copy of the notice sent by the Company to PTC relating to the proposed date of synchronization.

Notice period before RCOD	Early synchronisation window before RCOD
1 years	Estimated early synchronization date \pm 3 months
6 months	Estimated early synchronization date \pm 1 month
3 months	Exact date for early synchronization

6.2 Performance Tests

The Purchaser shall arrange to make available necessary electrical load, for the Company to successfully complete the Initial Performance Test as specified in the PPA, by ensuring the off-take of Infirm Power generated by the Company during the process of testing and commissioning of the Project. PTC shall, on receipt, provide the Purchaser with copies of the documents duly approved by the Lender's Engineer specifying the procedure for Initial Performance Tests, Commissioning and Periodic Performance Tests as also the suggestions, if any, that PTC may make on the said document and which has been incorporated by the Company.

6.3 Costs of Initial Performance Tests

The Purchaser shall not bear the costs for the Initial Performance Tests or Repeat Tests conducted pursuant to the provisions of the PPA. However, if PTC exercises its rights pursuant to Article 6.11.2 of the PPA, in consultation with the Purchaser, to repeat such tests, and if such tests meet the prescribed performance levels, the costs of such tests borne by PTC under the PPA shall be reimbursed by the Purchaser;

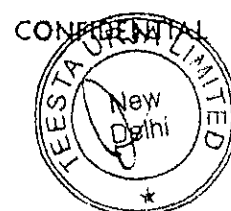
6.4 Initial Performance Test Failure

If the Tested Capacity of the Project is less than the Contracted Capacity of the Project, either on the Initial Performance Test or after Repeat Tests pursuant to Article 6.9 of the PPA, and the Company is able to provide to PTC, power and energy corresponding to 840 MW in accordance with Schedule D of the PPA, PTC shall, to the extent that shortfall in generation is attributable to shortfall in Tested Capacity of the Project with respect to the Contracted Capacity of the Project, supply power and energy to the Purchaser corresponding to the Purchaser Contracted Power.

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- 6.8.2 The Purchaser shall pay to PTC, for the Infirm Power generated by a Unit and to the extent sold to the Purchaser at the Primary Energy Rate plus PTC's Trading Margin. Each monthly payment should be made within the PSA Due Date of payment as applicable for PSA Monthly Bill. The Capital Cost shall however be reduced by an amount equal to the total amount of bill(s) for infirm energy subject to payment by the Purchaser.

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SECTION 7 OPERATION AND MAINTENANCE

7.1 Operation and Maintenance Responsibilities

7.1.1 PTC's Responsibilities

PTC shall require that the Company operates and maintains the Project in accordance with the Indian Electricity Grid Code, the Law and Prudent Utility Practices.

7.1.2 Purchaser's Responsibilities

The Purchaser shall take all actions necessary to draw the Purchaser Contracted Power and Purchaser Contracted Energy from the Delivery Point including but not limited to utilising the open access on the transmission system of the Central Transmission Utility, in accordance with the Indian Electricity Grid Code (including Reactive Power management), the Law, and Prudent Utility Practices and absorb such output in accordance with this Agreement and the PPA. The Purchaser shall also supply all information and do all actions in a timely manner as may be necessary for PTC to meet its obligations under Article 7 of the PPA.

7.2 Operating Procedures

PTC shall provide to the Purchaser, not later than one hundred and five (105) days before the Scheduled Synchronization Date of the first Unit, with Operating Procedures dealing with all operation interfaces between PTC and the Company.

7.3 Annual Generation and Annual Scheduled Outage Plan

7.3.1 Not later than the twentieth (20th) day of September of each year, the Purchaser shall notify PTC of the anticipated level of high demand and low demand periods for the following Operation Year. PTC shall, in turn, notify the Company, not later than the first (1st) day of October of every year (or any other day as mutually agreed to by PTC and the Company, with appropriate intimation to the Purchaser regarding such other day as mutually agreed to by PTC and the Company), of such anticipated levels of high demand and low demand periods for the following Operation Year and the restricted periods, not exceeding four months, in which Scheduled Outage may be avoided.

7.3.2 Within seven (7) days of the Company receiving information from PTC pursuant to Section 7.3.1 above, PTC shall require the Company to notify PTC, its proposal for the Scheduled Outages and the Annual Generation Plan in the following Operation Year along with such non-outage period, not exceeding six months, during which scheduled outage may cause spillage of water. PTC shall, in turn, submit a copy of the Company's proposal to the Purchaser.

7.3.3 Within seven (7) days of receiving the Company's proposal pursuant to Section 7.3.2 above, the Purchaser shall notify PTC in writing whether the Company's proposal for

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Scheduled Outages for the following Operation Year is acceptable and, if not, then the periods that would be acceptable, which shall be:

- (i) as close as reasonably practical to the proposed period and shall comply with Technical Limits and Prudent Utility Practices and shall be of equal duration as the requested period;
- (ii) consistent with the time limits required or recommended by the manufacturer or supplier of the equipment;
- (iii) other than the non outage period notified in accordance with Section-7.3.1 above, and
- (iv) such that single Scheduled Outage for a Unit shall not be split into two or more periods.

PTC shall, within a further seven (7) days, inform its acceptance or its comments to the Company, taking into account the Purchaser's comments, if any.

7.3.4 Pursuant to the PPA, if the Company objects to a proposed Scheduled Outage, the Company and PTC shall meet and resolve the difference within four (4) days of the date of the Company's communication of objection to PTC, failing which the matter shall be referred to the RPC for resolution.

7.3.5 PTC shall require that the Company provides the RPC secretariat / Control Center, as the case may be, and PTC with the Scheduled Outages for the following Operation Year, pursuant to Section 7.3.4, within the period specified in the IEGC.

7.3.6 PTC shall provide a copy of Annual Generation Plan and Scheduled Outages as finalized by RPC to the Purchaser.

7.3.7 In an emergency, the RLDC may require the Company, if possible, to reschedule a confirmed Scheduled Outage.

7.4 The Annual Generation Plan shall include:

- (i) the availability of equipment taking into account:
 - (a) the Scheduled Outages;
 - (b) the expected Maintenance Outages; and
 - (c) any other relevant factors;
- (ii) the expected generation based on latest information on the water flow and to avoid spillage of water (so far as is possible).

The Annual Generation and Scheduled Outage Plan shall be finalized in accordance with the provisions of the Indian Electricity Grid Code.

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7.5 Operation

Control Centre will issue Despatch Instructions directing the Company to vary the Power Output and Reactive Power from the Project subject to the availability of water, reactive power capability of the Units, Prudent Utility Practices and the technical limits of the Project and Indian Electricity Grid Code.

7.6 Control Centre

7.6.1 The Control Centre shall be the load control centre, to which generation notices including the Daily Generation Capability Schedule and Revised Generation Capability Schedule will be issued by the Company, and which centre, in turn, shall notify the SLDC of all such generation notices. PTC shall, under normal circumstances, give the Purchaser at least thirty (30) days notice in the event of any change in the Control Centre.

7.6.2 Scheduling and despatch of power shall be in accordance with the provisions of the PPA in a manner so as to ensure their conformity with the IEGC.

7.6.3 The Purchaser shall co-ordinate all the activities pertaining to scheduling and despatch with the SLDC, which in turn shall co-ordinate with the Control Centre for control and operation of the Project.

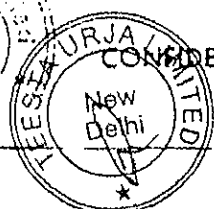
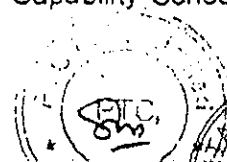
7.7 Deemed Generation

If the Control Centre issues a Despatch Instruction to the Company such that the Despatched Power is less than the Declared Capacity, and if the same would have resulted in corresponding spillage of water, the quantum by which the Despatched Power is less than the Declared Capacity, shall be the Deemed Generation and shall be treated as per the provisions of PPA. Such Deemed Generation shall be limited to the prorata Design Saleable Energy in any given year. In accordance with provisions of the PPA, the provisions of Deemed Generation shall not apply to the extent of applicability of Section 9.9 and during any Force Majeure under the PPA, arising out of 'act of God' as set out in Article 10.1.2(i) of the PPA, affecting the Project or Tie Line (if any) or both.

7.8 Monitoring Notice

Whenever the Purchaser has reason to believe that the Project may not be capable of performing consistently with the declarations contained in the Daily Generation Capability Schedule or the revised generation schedule, it may require PTC, by stating its reason for believing that the Project may not be capable of so performing, to issue a notice to the Company through the Control Centre specifying that PTC wishes to monitor the Project's Declared Capacity ("Monitoring Notice"). Whenever PTC by itself (or on request from the Purchaser or other off-takers) issues a notice to the Company specifying that it wishes to monitor the Project's Declared Capacity believing that the Project may not be capable of performing consistently with the declarations contained in the Daily Generation Capability Schedule or the Revised

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Generation Capability Schedule, PTC shall keep the Purchaser informed of such notices and outcomes thereof:

7.9 Maintenance and Forced Outages

7.9.1 Whenever the Company informs PTC of the requirement for a Maintenance Outage, PTC shall discuss the matter with the Purchaser and advise the Company of the time for commencement of the requested Maintenance Outage (which shall not be later than three (3) hours prior to the latest time indicated by the Company to PTC). PTC shall require the Company to use its reasonable endeavours consistent with Prudent Utility Practices to take the relevant Unit out of service at the scheduled time.

7.9.2 In case of a Forced outage, PTC shall inform the Purchaser as soon as it receives telephonic information from the Company and shall further forward to the Purchaser a copy of the justification provided by the Company for such Forced Outage.

7.10 Maintenance of Operating Records

7.10.1 Each Party shall maintain complete and accurate records and all other data required for proper administration of this Agreement.

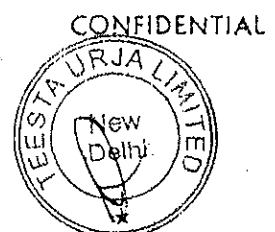
PTC shall require the Company to maintain an accurate and up-to-date operating log at the Project with records of:

- (i) Declared Capacity and Despatched Power for each Settlement Period;
- (ii) Power Output and Energy Output for each Settlement Period;
- (iii) Purchaser Billable Energy and Purchaser Billable Power for each Settlement Period;
- (iv) Maximum Available Capacity for each Settlement Period;
- (v) Deemed Generation and Deemed Power, along with the amount of water spilled during the relevant Settlement Period;
- (vi) head and discharge of water;
- (vii) changes in operating status, Scheduled Outages and Maintenance Outages;
- (viii) details and times of Grid failure and operation of Grid outside the Technical Limits;
- (ix) results of Periodic Performance Tests; and
- (x) any emergency conditions and unexpected occurrences discovered during inspections.

7.10.2 The Purchaser shall maintain accurate and up-to-date record of:

- (i) Declared Capacity and Despatched Power for each Settlement Period;
- (ii) Power Output and Energy Output for each Settlement Period;

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- (iii) Purchaser Billable Energy and Purchaser Billable Power for each Settlement Period;
- (iv) Maximum Available Capacity for each Settlement Period;
- (v) Deemed Generation and Deemed Power, along with the amount of water spilled during the relevant Settlement Period;
- (vi) details and times of Grid failure and operation of Grid outside the Technical Limits; and
- (vii) results of Periodic Performance Tests;

7.10.3 Either Party shall have the right, upon reasonable prior written notice to the other Party, to examine the records, documents and data of the other Party relating to operation, maintenance, and despatch of the Project, at any time during normal business hours and at any time during the continuation of any dispute in respect of any matter to which such records relate. All such records shall be maintained for a minimum of sixty (60) months after the creation of such records, documents or data. For the purposes of this Agreement, records, documents, data maintained by the Company shall be deemed to be maintained for and on behalf of PTC.

Provided that the Parties shall not dispose off or destroy any such records after such sixty (60) month period without thirty (30) days' prior written notice to the other Party.

7.11 Periodic Performance Test

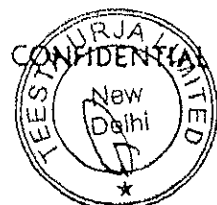
7.11.1 In accordance with the PPA, PTC may, at any time during the Operation Period, but not exceeding once in two years, require the Company through a written notice, to conduct a Periodic Performance Test to demonstrate the Rated Capacity of the Project. PTC shall send a copy of such notice to the Purchaser.

7.11.2 For the purpose of despatching and billing, if the Tested Capacity of the Project pursuant to Section 7.11.1 is more than the Contracted Capacity of the Project, the Contracted Capacity of the Project shall be taken as the Project's Rated Capacity and if the Tested Capacity of the Project is less than the Project's Contracted Capacity, the Tested Capacity shall be taken as the Rated Capacity until the occurrence of the next such test.

7.11.3 If the Tested Capacity of the Project pursuant to Sections 7.11.1 is less than the previous Rated Capacity of the Project the Company shall be entitled to repeat such test ("Repeat Test") upon issue of a notice to PTC, in accordance with the procedure set out in Section 6.3. Provided that the Company shall not be entitled to perform more than two (2) Repeat Tests.

7.11.4 All such Purchaser Billable Energy and Purchaser Billable Power generated by the Project during the Periodic Performance Tests of the relevant Unit, shall be paid for by the Purchaser at the applicable Tariff in accordance with the PPA and PTC's Trading Margin.

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SECTION 8 METERING AND ENERGY ACCOUNTING

8.1 Installation of meters

Meters shall be installed by the Company at its own cost in accordance with the PPA and shall meet the requirements of IEGC and NRLDC. PTC shall make available to the Purchaser such meter records as required for the purpose of this Agreement.

8.2 The Purchaser and PTC shall each maintain, in respect of the Project

- (i) all Daily Generation Capability Schedules and revised Daily Generation Capability Schedules and corresponding Daily Despatch Schedules and Revised Despatch Schedules;
- (ii) all meter records (including meter testing records);
- (iii) records of the Daily Generation Capability Schedules on monthly and annual basis;
- (iv) records of Scheduled Outages, Maintenance Outages, Forced Outages; and
- (v) any other records in relation to the Energy Output and the Power Output.

Such records may be inspected by the other Party during normal business hours upon reasonable written notice of the same (including at any time during the pendency of any breach under this Agreement). For the purposes of this Agreement, records/data maintained by the Company shall be deemed to have been maintained by PTC.

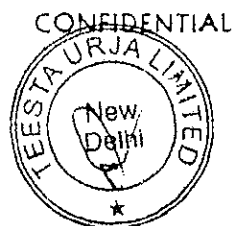
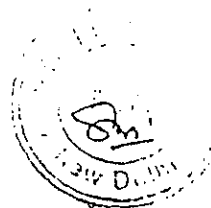
8.3 Energy Accounting - Regional Energy Account

The appropriate agency shall issue Regional Energy Accounts (REA) based on the data provided by the Control Centre and such REAs shall be subject to subsequent corrections by such appropriate agency. The REA as finalized shall be binding on the Parties. The values of the Purchaser Billable Energy, Deemed Generation and Monitored Capacity Failure used for determination of Tariff Payment in the previous Purchaser Monthly Bills or Purchaser Weekly Bills and PSA Supplementary Bills shall be adjusted in accordance with the finalized REA. Accordingly, PTC or the Purchaser, as the case may be, shall raise a PSA Supplementary Bill for adjustment of Tariff Payment or any other amounts due.

8.4 Load despatch centre charges

Pursuant to the PPA, PTC shall require the Company to bear all RLDC / SLDC charges applicable up to the Delivery Point, which in turn shall be billed by the Company to PTC and by PTC to the Purchaser. All RLDC/SLDC charges beyond the Delivery Point shall be directly borne by the Purchaser.

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SECTION 9 BILLING AND PAYMENT

9.1 General

9.1.1 The Purchaser shall pay to PTC, the payments comprising:

- (i) Tariff Payment (subject to Section 6.7 of this Agreement) and,
- (ii) All other costs incurred by PTC in accordance with the PPA and reimbursable by the Purchaser, including but not limited to the cost towards appeal against any Change in Law and the cost of conducting any additional tests, to the extent borne by PTC under the PPA and,
- (iii) PTC's Trading Margin and,
- (iv) any transmission open access charges pursuant to CERC Interstate Transmission Regulations, viz. transmission charges, RLDC/SLDC charges or other applicable charges that may be payable by PTC for use of the transmission system from the Delivery Point to the Purchaser's point of drawal for selling Purchaser Contracted Power to the Purchaser,

for each Month or Week of every Tariff Year, determined in accordance with this Section 9 and the PPA. The actual payment shall be made against the Purchaser Monthly Bills or Purchaser Weekly Bills issued by PTC for each Month or Week as the case may be. All payments by the Purchaser shall be in Indian Rupees.

9.1.2 The Purchaser shall pay Tariff to PTC based on the Capital Cost and means of financing thereof, as approved by CEA/CERC on completion of the Project, in proportion to the ratio of Purchaser Contracted Power to the Rated Capacity, such Rated Capacity being adjusted for Free Power. The Tariff payable by the Purchaser will be determined in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 and as may be modified or amended up to the date of execution of the PPA. Determination of Tariff would be subject to approval by CERC. Subject to Section 9.1.1, the Tariff as approved by CERC will be applicable for purchase and sale of the Purchaser Contracted Power and Purchaser Contracted Energy.

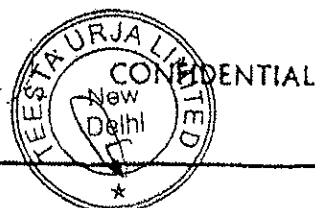
9.1.3 In addition to the generation tariff as above, the Purchaser shall pay to PTC, the applicable charges for transmission of power from the Project bus-bar up to the Delivery Point, in case the Delivery Point is not the Project bus-bar.

9.1.4 Provisional Tariff

Till the final completion Capital Cost and the means of financing thereof, as stipulated above, is approved by CEA/CERC, the Capital Cost and the means of financing thereof as appraised/re-appraised and funded by the Lenders, evidence of which is furnished by the Company in compliance of the 'Conditions Precedent' at Article 3.1.2(iv) of the PPA, shall be considered for the purpose of determination of provisional Tariff. However, if the Tested Capacity of the Project is less than

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Contracted Capacity and the Tested Capacity of the Project has been accepted as the Rated Capacity of the Project pursuant to the Initial Performance Test or Periodic Performance Test, the Tariff shall be recalculated based on prorata reduced Capital Cost of the Project with reference to the Contracted Capacity of the Project. The differential between the Tariff as approved by CERC after completion of the Project and such provisional Tariff shall be payable by the Purchaser to PTC or vice versa. PTC shall keep the Purchaser informed, from time to time, regarding all adjustments in the provisional tariff under the PPA including but not limited to such adjustments being made due to the Rated Capacity of the Project as determined in the Project Capacity Test.

9.1.5 Tariff computation

9.1.5.1 Tariff shall be computed by the Company thirty (30) days prior to each Tariff Year commencing from the COD of the first Unit, in accordance with the terms of this Agreement and made available to PTC for their verification. In the event of any discrepancy, PTC shall intimate the same to the Company within 15 days of receipt of the tariff computations. The Company shall intimate its views relating to the discrepancies within 15 days of receipt thereof. Notwithstanding the aforesaid, the payment shall be made by PTC to the Company at notified rates by the Company subject to future adjustments along with interest at the State Bank of India Prime Lending Rate thereon in respect of over billed / under billed amounts if any.

9.1.5.2 PTC's Trading Margin shall be Rs. 0.05/kWh for the Tariff Years 1 to 12 and Rs. 0.10/kWh for the Tariff Years 13 to 35 and shall be payable by the Purchaser to PTC for the entire Purchaser Billable Energy. Provided that the Trading Margin shall be as decided pursuant to the Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2005 issued on 23rd January 2006 if the same is applicable to transactions of the nature and duration as captured in this Agreement, subject further to the condition that if CERC increases such Trading Margin or clarifies either that the applicable Trading Margin is not decided pursuant to the Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2005 issued on 23rd January 2006 or that there shall be no specified limits on Trading Margin, then the Trading Margin shall be 5 paise for the first 12 years and 10 paise for the subsequent period (until Tariff Year 35) of this Agreement or the CERC notified Trading Margin as applicable to transactions of the nature and duration as captured in this Agreement, whichever is lower. Such margins shall be in compliance with any norms applicable to transactions of the nature and duration as captured in this PSA, as may be laid down by CERC from time to time.

9.1.5.3 The Purchaser shall also reimburse PTC for any costs incurred by PTC towards obtaining regulatory approvals, as may be necessary, for implementing the provisions of this Agreement.

9.2 Purchaser Bills

9.2.1 With the consent of PTC, during the Term of Agreement, the Purchaser may opt for a mode of payment of Purchaser Bills, other than the mode of payment of Purchaser Bills then in force, from the options specified below, by giving a notice in writing to PTC ninety (90) days before exercising such an option. For the avoidance of doubt it

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is clarified that such right may be exercised by the Purchaser from time to time during the Term of Agreement with consent of PTC.

- (i) Payment through Purchaser Monthly Bills
- (ii) Payment through Purchaser Weekly Bills

Within ten (10) days of sending such notice, the Purchaser shall provide the Payment Security Mechanism required by PTC and as notified by PTC from time to time pursuant to Section 9.5.

9.2.2 If the Purchaser exercises the option specified under Section 9.2.1(i), then PTC shall issue the Purchaser Monthly Bill to the Purchaser by the second (2nd) day of the Month for the Purchaser Billable Power and Purchaser Billable Energy supplied by PTC to the Purchaser for the immediately preceding Month, based on the provisional Monthly energy data certified by PTC for the energy at Delivery Point based on the final revised schedules available on the RLDC website.

Provided that:

- (i) if the first (1st) Unit is Commissioned during the period between the first (1st) day up to and including the fifteenth (15th) day of a Month, the first Purchaser Monthly Bill shall be issued for the period until the last day of such Month, or
- (ii) if the first (1st) Unit is Commissioned after the fifteenth (15th) day of a Month, the first Purchaser Monthly Bill shall be issued for the period commencing from the COD of the first Unit until the last day of the immediately following Month.

Each Purchaser Monthly Bill shall include:

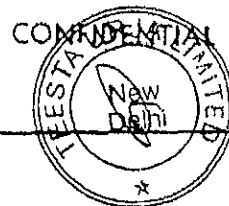
- (i) the computation of Tariff Payment for the relevant Month in accordance with the PPA;
- (ii) the computation of Tariff Adjustment in accordance with the PPA;
- (iii) PSA Due Date for the relevant Purchaser Monthly Bill;
- (iv) Trading Margin for the relevant Month;
- (v) any transmission open access charges pursuant to CERC Interstate Transmission Regulations, viz: transmission charges, RLDC/SLDC charges or other applicable charges that are payable by PTC on behalf of the Purchaser for use of the transmission system beyond the Delivery Point; and

9.2.3 If the Purchaser exercises the option specified under Section 9.2.1(ii), then for the supply of power during a month, PTC shall raise Purchaser Weekly Bills on provisional basis. For the purpose of Purchaser Weekly Bills, each month shall be divided into four parts, starting from 00:00 hrs of 1st, 9th, 16th and 24th day of the month to 24:00 hrs of 8th, 15th, 23rd and last day of the month respectively. The relevant bills shall be raised on the day succeeding the last day of each such part.

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based on the provisional Weekly energy data certified by PTC for the energy at Delivery Point based on the final revised schedules available on the RLDC website.

Each Purchaser Weekly Bill shall include:

- (i) the computation of weekly tariff payment for the relevant Week;
- (ii) the computation of Tariff Adjustment in accordance with the PPA;
- (iii) PSA Due Date for the relevant Purchaser Weekly Bill;
- (iv) Trading Margin for the relevant Week;
- (v) transmission open access charges pursuant to CERC Interstate Transmission Regulations, viz: transmission charges, RLDC/SLDC charges or other applicable charges that are payable by PTC on behalf of the Purchaser for use of the transmission system beyond the Delivery Point; and

9.2.4 After receipt of REA for the previous month from the issuing authority, a PSA Supplementary Bill shall be raised by PTC incorporating corrections to be made with reference to the REA and also incorporating necessary adjustments towards Payment Rebate for early payment.

9.2.5 Charges under the CERC Interstate Transmission Regulations including processing charges and monthly transmission charges / scheduling charges etc. shall be payable as per the relevant regulations of CERC / CTU relating to payment of open access charges. Accordingly, the charges relating to the same shall be billed to the Purchaser and the same shall be paid by the Purchaser within three Business Days of receipt of PTC's bill.

9.3 Payment of Purchaser Bills

9.3.1 Both Parties expressly agree that the essence of Sections 9.3, 9.5 and 9.8 is timely payment by the Purchaser for any amounts due under this Agreement.

9.3.2 Subject to the provisions of Section 9.2.5, the Purchaser shall pay the amounts payable under Purchaser Monthly Bill or Purchaser Weekly Bill by the relevant PSA Due Date to such account of PTC as shall have been previously notified by PTC to the Purchaser.

9.3.3 All payments required to be made under this Agreement shall be made without any deduction except for:

- (i) rebates provided and admissible under this Agreement; and
- (ii) deductions required by the Law, if any.

Provided that payments by the Purchaser shall be without prejudice to other rights of the Purchaser under this Agreement.

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- 9.3.4 PTC shall open a separate bank account with a scheduled bank at a branch, having Real Time Gross Settlement facility in Delhi (the "PTC Designated Account") for all payments to be made by the Purchaser to PTC, and notify the Purchaser of the details of such account at least thirty (30) days before the dispatch of the first Purchaser Monthly Bill or Purchaser Weekly Bill to the Purchaser. The Purchaser shall make all payments under this Agreement to the PTC Designated Account and notify PTC of such payment within two (2) Business Days. All charges related to transfer/credit of due amounts shall be borne by the Purchaser. Payments shall only be considered to have been received when such payments are credited to the PTC Designated Account. The Purchaser shall also designate a bank account for payments to be made by PTC (including PSA Supplementary Bills) to the Purchaser and notify PTC of the details of such account by the COD of the first (1st) Unit.
- 9.3.5 If the Purchaser exercises the option specified under Section 9.2.1(i), and the Purchaser pays the Purchaser Monthly Bill, either directly or through a letter of credit, within seven (7) days of receiving it, the Purchaser shall be entitled to a Payment Rebate at the rate of 2%, and if the Purchaser pays amounts against a Monthly Bill after seven (7) days of its receipt but not later than the PSA Due Date, the Purchaser shall be entitled to a Payment Rebate at the rate of 1%. Such applicable Payment Rebate may be deducted from the amount of a Purchaser Monthly Bill by the Purchaser, and payment made to PTC accordingly. The Purchaser shall make efforts to make the payment to PTC within three (3) days of receipt of the Purchaser Monthly Bill as received by facsimile or electronic transmission.
- 9.3.6 If the Purchaser exercises the option specified under Section 9.2.1(ii), and if the Purchaser pays all dues under any or all the relevant Purchaser Weekly Bills for the immediately preceding Month, within seven (7) days of receiving the Purchaser Weekly Bill for the fourth part of the immediately preceding Month, the Purchaser shall be entitled to a Payment Rebate at the rate of 2%, and if the Purchaser pays the amounts due against the relevant Purchaser Weekly Bills for the immediately preceding Month after seven (7) days of receiving the Purchaser Weekly Bill for the fourth part of the immediately preceding Month but not later than the twenty seventh (27th) day of receiving the Purchaser Weekly Bill for the fourth part of the immediately preceding Month, the Purchaser shall be entitled to a Payment Rebate at the rate of 1%. Such applicable Payment Rebate may be deducted from the amount of the relevant Purchaser Weekly Bill and payment made to PTC accordingly.
- 9.3.7 Charges for obtaining and maintaining open access to the transmission system beyond the Delivery Point shall be paid by the Purchaser in accordance with Section 9.2.2, Section 9.2.3 and Section 9.2.5. No Payment Rebate shall apply to such payments.
- 9.3.8 If the Purchaser exercises the option specified under Section 9.2.1(i), and delays in payment of a Purchaser Monthly Bill beyond a period of thirty (30) days from the PSA Due Date, or if the Purchaser exercises the option specified under Section 9.2.1(ii) and delays in payments of all amounts due against all the relevant Purchaser Weekly Bills for the immediately preceding Month beyond the twenty seventh (27th) day of receiving the Purchaser Weekly Bill for the fourth part of the immediately preceding

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Month, a Payment Surcharge shall be payable by the Purchaser to PTC at a rate of simple interest of 1.25% per month on the outstanding amount of payment, calculated for each day of delay, and such Payment Surcharge shall be added by the Purchaser to the amount of the Purchaser Monthly Bill and the payment made to PTC accordingly.

9.4 Quarterly and Annual Reconciliations

Both Parties acknowledge that all payments made against Purchaser Monthly Bills / Purchaser Weekly Bills and PSA Supplementary Bills shall be subject to quarterly reconciliation at the end of each quarter of each Tariff Year and annual reconciliation at the end of each Tariff Year to take into account REA, Tariff Adjustment, or any other analogous circumstance provided for under this Agreement. The Parties, therefore, agree that as soon as all such data in respect of any quarter of a Tariff Year or a complete Tariff Year, as the case may be, has been finally verified and adjusted, the Parties shall jointly sign such quarterly or annual reconciliation statement. Within fifteen (15) days of signing of such quarterly or such annual reconciliation statement, PTC or the Purchaser, as the case may be, may raise a PSA Supplementary Bill if any, for the Tariff Adjustment for the relevant quarter of the Tariff Year or complete Tariff Year, as the case may be, and payment of such PSA Supplementary Bill shall be made in accordance with Section 9.8.

9.5 Payment Security Mechanism

9.5.1 In respect of the Purchaser's payment obligations under this Agreement, the Purchaser shall no later than one (1) month prior to the Required COD of the first Unit, provide PTC with the following Payment Security Mechanism as notified by PTC pursuant to Section 9.5.2 and the Purchaser shall throughout the Term of Agreement, maintain such Payment Security Mechanisms as notified by PTC from time to time pursuant to Section 9.5.2:

- (i) Purchaser Letter of Credit (as set out in Section 9.5.3 through 9.5.10); and an
- (ii) escrow facility on the receivables of the Purchaser (in accordance with Section 9.5.11).

The Purchaser Letter of Credit and the escrow facility shall be opened and maintained together from the COD till the Expiry Date. If the Purchaser fails to pay a Purchaser Monthly Bill or Purchaser Weekly Bill or a PSA Supplementary Bill on or prior to the PSA Due Date, PTC shall have the right to call upon either the Purchaser Letter of Credit, in accordance with Section 9.5.6, or the escrow facility, in accordance with Section 9.5.11(iv), in any order of precedence as it deems fit on each occasion. However, in the event PTC is unable to fully receive amounts due to it from the Purchaser on calling either of the above instruments, PTC may call on the other instrument also for the same purpose.

9.5.2 During the Term of Agreement, PTC may opt for a Payment Security Mechanism, other than the Payment Security Mechanism then in force as specified at Section 9.5.1 above or any other superior instrument as may be mutually agreed between the Parties. For the avoidance of doubt it is clarified that such right may be exercised by

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PTC from time to time during the Term of Agreement. Within thirty (30) days of receipt of such notice from PTC, the Purchaser shall provide, the Payment Security Mechanism required by PTC.

9.5.3 Pursuant to Section 9.5.1(i) above, the Purchaser shall provide a Payment Security Mechanism to PTC in the form of revolving and irrevocable Purchaser Letter of Credit as specified below:

(a) if the Purchaser exercises the option specified under Section 9.2.1(i), then

By one (1) Month prior to the COD of the first (1st) Unit, Purchaser shall through a scheduled bank at Lucknow, open a monthly, revolving and irrevocable Purchaser Letter of Credit which shall be negotiable in Delhi and valid for one (1) year, in favour of PTC, to be made operative from the COD of the first (1st) Unit. The value of Purchaser Letter of Credit will be computed separately for each half year period on the basis of the Purchaser Contracted Energy figures for the respective half year period in accordance with Schedule D of the PPA. The value of the Purchaser Letter of Credit shall also cover the transmission open access charges and Trading Margin payable by the Purchaser to PTC. Such value of Purchaser Letter of Credit for each half year shall be equal to 105% of the value of the Purchaser Monthly Bill for the Month with the highest Design Energy Output in that half year.

The two half years of a year shall be May to October and November to April respectively. However in case the COD of a Unit/Project is not on the first (1st) day of the half year, then that half year will start from the date of COD till end of that half year.

(b) if the Purchaser exercises the option specified under Section 9.2.1(ii), then

By one (1) Month prior to the COD of the first (1st) Unit, Purchaser shall through a scheduled bank at Lucknow, open a weekly, revolving and irrevocable Letter of Credit which shall be negotiable in Delhi and valid for one (1) year, in favour of PTC, to be made operative from the COD of the first (1st) Unit. The value of Purchaser Letter of Credit will be computed separately for each half year period on the basis of the Purchaser Contracted Energy figures for the respective half year period in accordance with Schedule D of the PPA. The value of the Purchaser Letter of Credit shall also cover the transmission open access charges and Trading Margin payable by the Purchaser to PTC. Such value of Purchaser Letter of Credit for each half year shall be eighteen (18) days billing of the Purchaser Monthly Bill for the Month with the highest Design Energy Output in that half year.

The two half years of a year shall be May to October and November to April respectively. However in case the COD of a Unit/Project is not on the first (1st) day of the half year, then that half year will start from the date of COD till end of that half year.

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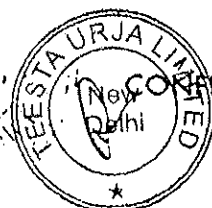
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The values of the Purchaser Letter of Credit thus arrived at, in accordance with Section 9.5.3(a) or (b) above, shall be related to the earliest date for a possible draw down on such letter of credit i.e., the value of the Purchaser Letter of Credit at any time shall cover the expected payment for the highest Purchaser Monthly Bill or Purchaser Weekly Bill that may have to be paid through the Purchaser Letter of Credit for the *relevant* month / week for which the Purchaser Monthly Bill or Purchaser Weekly Bill may become payable through such Purchaser Letter of Credit.

- 9.5.4 The Purchaser Letter of Credit shall be drawn on a scheduled bank in favour of PTC, opened and maintained by the Purchaser, which may be drawn upon by PTC in accordance with Section 9.5.2 through 9.5.7. The initial Purchaser Letter of Credit shall be opened not later than one (1) month prior to the Required COD of the first Unit. One month prior to the expiry of the Purchaser Letter of Credit specified at Section 9.5.3 (a) and Section 9.5.3 (b), the Purchaser shall instruct the bank for the continuation of such revolving and irrevocable Purchaser Letter of Credit for a further term of twelve (12) Months and a copy of such instruction shall be given to PTC. Subject to PTC's right to opt for the Payment Security Mechanism pursuant to Section 9.5.2, such Purchaser Letter of Credit shall be maintained throughout the Term of Agreement. The Purchaser shall instruct the bank to notify PTC if the Purchaser is not able to renew or recoup the Letter of Credit, and a copy of such instruction shall be given to PTC.
- 9.5.5 The Purchaser shall cause the scheduled bank issuing the Purchaser Letter of Credit to confirm the bank's acceptance of such Purchaser Letter of Credit to PTC in writing at least one (1) month prior to the Required COD of the first Unit and similarly for each renewal / establishment of the Purchaser Letter of Credit during the remainder of the Term of Agreement.
- 9.5.6 If the Purchaser fails to pay a Purchaser Monthly Bill or Purchaser Weekly Bill or a PSA Supplementary Bill on or prior to the PSA Due Date, PTC may draw upon the Purchaser Letter of Credit for an amount equal to such Purchaser Monthly Bill or Purchaser Weekly Bill or PSA Supplementary Bill plus Payment Surcharge, in accordance with Section 9.3.8 above, by presenting to the scheduled bank, issuing the Purchaser Letter of Credit, the following documents:
- (i) a copy of the Purchaser Monthly Bill or Purchaser Weekly Bill or PSA Supplementary Bill which has remained unpaid by the Purchaser;
 - (ii) a certificate from PTC to the effect that the Purchaser Monthly Bill or Purchaser Weekly Bill or PSA Supplementary Bill or specified part thereof, has remained unpaid beyond the PSA Due Date; and
 - (iii) calculations of Payment Surcharge mentioned above in Section 9.3.7.
- 9.5.7 If at any time, such Purchaser Letter of Credit amount falls short of the amount specified in Section 9.5.3, the Purchaser shall restore such shortfall immediately.
- 9.5.8 In the event that the Purchaser fails to pay a Purchaser Monthly Bill or Purchaser Weekly Bill by the PSA Due Date, PTC shall have the right but not the obligation to



divert the Power Output and Energy Output to any third party(ies) (including HT consumers within the Purchaser's state) to the extent technically feasible, on the best terms available during such period. The Purchaser agrees that they shall have no objection to and shall consent to such diversion (including, and without limitations, in the process of obtaining all necessary regulatory approvals), if so necessitated, until such time as the Purchaser is able to fully pay the Purchaser Monthly Bills or Purchaser Weekly Bills then due and outstanding to PTC and restore/replenish the Purchaser Letter of Credit to the full amount required by this Agreement.

9.5.9 If the Purchaser exercises the option specified under Section 9.2.1(i), and in the event that the amount available in the Purchaser Letter of Credit remains unrestored for a period of seven (7) days from its last draw down, such event shall be treated as a Purchaser Event of Default and provisions of Section 14.5 and Section 14.6.2 shall apply. However, if the Purchaser exercises the option specified under Section 9.2.1(ii), and in the event that the amount available in the Purchaser Letter of Credit remains unrestored for a period of three (3) days from its last draw down, such event shall be treated as a Purchaser Event of Default and provisions of Section 14.5 and Section 14.6.2 shall apply.

9.5.10 All costs, fees and other payments required in connection with or arising out of any arrangement of Payment Security Mechanism including but not limited to costs relating to establishment, maintenance, negotiation and drawal of Purchaser Letter of Credit shall be borne by the Purchaser.

9.5.11 (i) Pursuant to Section 9.5.1(ii) above, in addition to the Purchaser Letter of Credit provided by the Purchaser in accordance with Sections 9.5.3 through 9.5.10 above, the Purchaser shall also provide PTC with an escrow facility from the bank through which all its receivables, including all its revenue from various collection centres inclusive of capital receipts, proceeds from investments, subsidy and any other source, flow entirely into an account maintained by the Purchaser (such bank being the "Escrow Agent" and such account being the "Escrow Account"). The Parties agree that PTC, Purchaser and the Escrow Agent shall execute (the Purchaser to cause the Escrow Agent to execute) an escrow agreement in accordance with the terms and conditions provided in Annexure B (which provides for a detailed procedure for establishment and operation of the Escrow Account).

(ii) The Parties shall identify the minimum and maximum limit from where the PTC escrow facility shall start in accordance with the parameters detailed in Annexure - B. For this purpose, the Purchaser shall furnish PTC with a certificate from its statutory auditors certifying the quantum of monthly receivables that were received in the Escrow Account during the twelve months prior to the date of signing of this Agreement. The Purchaser shall also make available to PTC all records, as PTC may require, for verifying the same.

(iii) Further the Purchaser also agrees that during the Term of Agreement, the Purchaser shall no later than thirty (30) days after the completion of each annual audit with respect to the Purchaser's accounts furnish PTC with a certificate from its statutory auditors certifying the quantum of monthly receivables that were received in the Escrow Account during the previous



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financial year (which shall be a period commencing from 1 April of any year and ending on immediately next 31 March).

- (iv) If the Purchaser fails to pay a Purchaser Monthly Bill or Purchaser Weekly Bill or a PSA Supplementary Bill on or prior to the relevant PSA Due Date, PTC may request the Escrow Agent for payment from the Escrow Account, of an amount that is equal to such Purchaser Monthly Bill or Purchaser Weekly Bill or PSA Supplementary Bill plus Payment Surcharge, in accordance with Section 9.3.8 above, by presenting to the Escrow Bank, the following documents:
- (a) a copy of the Purchaser Monthly Bill or Purchaser Weekly Bill or PSA Supplementary Bill which has remained unpaid by the Purchaser;
 - (b) a certificate from PTC to the effect that the Purchaser Monthly Bill or Purchaser Weekly Bill or PSA Supplementary Bill or specified part thereof, has remained unpaid beyond the PSA Due Date; and
 - (c) calculations of Payment Surcharge mentioned above in Section 9.3.8.
- (v) All costs, fees and other payments required in connection with or arising out of any arrangement of escrow agreement or the Escrow Account shall be borne by the Purchaser.

9.5.12 The scheduled Bank, on which the Purchaser Letter of Credit as described in Sections 9.5.3 to 9.5.10 is opened, may use the Escrow Account, as detailed in Section 9.5.11, for recoupment / reinstatement of the Purchaser Letter of Credit.

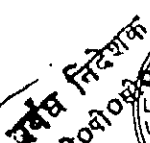
9.5.13 In the event PTC is unable to fully receive amounts due to it (for reasons not directly attributable to PTC) either by direct payment by the Purchaser or through the Purchaser Letter of Credit or from the Escrow Account, the provisions of Section 14.2 shall apply and such event shall be treated as a Purchaser Event of Default.

9.6 Disputed Bill

9.6.1 If the Purchaser does not dispute a Purchaser Monthly Bill or Purchaser Weekly Bill or if a Party does not dispute a PSA Supplementary Bill raised by the other Party within thirty (30) days of receiving it, such bill shall be taken as conclusive.

Provided that in case any evidence from an outside source relating to any discrepancy in such bill comes to notice at a later date, the affected Party may dispute such bill within a period of thirty (30) days of disclosure of such evidence (a reasonable disclosure of such evidence shall be made to the other party).

9.6.2 If a Party disputes the amount payable under a Purchaser Monthly Bill or Purchaser Weekly Bill or a PSA Supplementary Bill, as the case may be, that Party shall, within thirty (30) days of receiving such bill, issue a notice (the "**Bill Dispute Notice**") to the other Party setting out:



- (i) the details of the disputed amount;
- (ii) its estimate of what the correct amount should be; and
- (iii) all written material in support of its claim.

9.6.3 Notwithstanding the Bill Dispute Notice issued pursuant to Section 9.6.2, all amounts under the Purchaser Monthly Bill, Purchaser Weekly Bill or Purchaser Supplementary Bill shall be paid by the Party, which has received such bill, by the PSA Due Date, and the existence of a dispute relating to a bill shall not relieve either Party of its obligations under this Agreement, provided that such payments, shall be without prejudice to the other rights of such Party under this Agreement.

9.6.4 If the other Party agrees to the claim raised in the Bill Dispute Notice issued pursuant to Section 9.6.2, the first Party, which issued the bill, shall revise such bill within fifteen (15) days of receiving such notice and the payment shall be made in accordance with Section 9.3.

9.6.5 If the other Party does not agree to the claim raised in the Bill Dispute Notice issued pursuant to Section 9.6.2, such other Party shall, within fifteen (15) days of receiving the Bill Dispute Notice, furnish a notice providing:

- (i) reasons for its disagreement;
- (ii) its estimate of what the correct amount should be; and
- (iii) all written material in support of its counter-claim.

Upon receipt of such notice of disagreement to the Bill Dispute Notice, officials at the level of the head of the commercial function of each Party shall meet and make best endeavours to amicably resolve the dispute within seven (7) days of receiving such notice of disagreement to the Bill Dispute Notice, failing which one director of the board of directors/member of the board of each Party shall meet and make best endeavours to amicably resolve the dispute within a further seven (7) days period.

9.6.6 If the Parties do not amicably resolve the dispute within fourteen (14) days of receipt of notice of disagreement to the Bill Dispute Notice pursuant to Section 9.6.4, the matter shall be dealt with in accordance with the procedure set out in Section 14.

9.6.7 If a dispute regarding a Purchaser Monthly Bill or Purchaser Weekly Bill or a PSA Supplementary Bill is settled pursuant to Section 9.6.4 or 9.6.5, the other Party shall refund the amount incorrectly charged by it from the disputing Party within five (5) days of the dispute either being resolved pursuant to Section 9.6.4 or 9.6.5 along with interest. Such interest shall accrue on a day to day on per annum basis for the period between the date of payment of a disputed bill and receipt of refund by the disputing Party at a rate equal to the 15% per month, calculated for each day of delay from the original PSA Due Date.

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9.7 Change in Law, Claim and Payment

- 9.7.1 Subject to Change in Law provisions in the PPA, if a bill is required to be raised to claim associated payments, the procedure for claim and payment shall be as specified in Section 11.

Payment on account of a Change in Law claim shall be made through Tariff Adjustment and, if required, until such Tariff Adjustment is calculated, by:

- (i) issue of a PSA Supplementary Bill by the Party which claims the Change in Law; and
- (ii) payment by the other Party against such PSA Supplementary Bill.

- 9.7.2 The Tariff Adjustment for Change in Law affecting the Tariff shall be determined in accordance with the PPA, except in case of a Change in Law affecting PTC or PTC's Trading Margin in which case suitable adjustments shall be made subject to Section 9.1.5.2. to ensure that the financial position of PTC with respect to this Agreement is not affected adversely.

9.8 Payment of PSA Supplementary Bill

- 9.8.1 Either Party may raise a bill on the other Party ("PSA Supplementary Bill") for payment on account of any of the following:

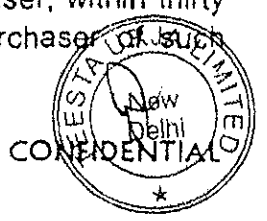
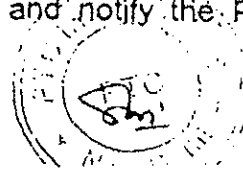
- (i) adjustments required by the REA, including appropriate adjustment for any resulting excess Payment Rebate deducted on a previously higher billed amount,
- (ii) Tariff Adjustments, pursuant to provisions in the PPA,
- (iii) Change in Law and
- (iv) Tax on Income.
- (iv) any other amounts due from the other Party in accordance with this Agreement.

and such bill shall be paid by the other Party.

PTC may also raise a PSA Supplementary Bill for amounts payable, if any, by the Purchaser pursuant to Section 9.2.5 that are not raised through a Purchaser Monthly Bill or a Purchaser Weekly Bill.

- 9.8.2 The Purchaser shall pay all amounts due under a PSA Supplementary Bill raised by PTC to PTC Designated Account within twenty seven (27) days of PTC raising such a bill and notify PTC of such payment within two (2) Business Days. PTC shall pay all amounts due under a PSA Supplementary Bill raised by the Purchaser, within thirty (30) days of the Purchaser raising such a bill and notify the Purchaser of such

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payment within two (2) Business Days, except in the case of a PSA Supplementary Bill raised by the Purchaser on account of a Change in Law in which case the amounts due shall be paid within seven (7) days of receipt by PTC of associated amounts from the Company, to the Purchaser's designated bank account and notify the Purchaser of such payment within two (2) Business Days. For all such payments pursuant to this Section 9.8.2, rebates as applicable to PSA Monthly Bills pursuant to Section 9.3.5 and 9.3.6 shall apply and surcharge as applicable to PSA Monthly Bills pursuant to Section 9.3.8 shall apply.

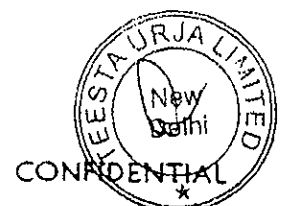
9.9 Breakdown of the Grid and Payment

In accordance with the PPA, in the event that Despatched Power is not evacuated due to breakdown of the Grid beyond the Delivery Point:

- (i) PTC shall not be required to make Tariff Payments to the Company for the period of such breakdown, if such period of breakdown lasts for not more than four hundred thirty eight (438) hours on a cumulative basis in any Tariff Year except for monsoon months i.e. from June to September when the cumulative number of hours should not exceed seventy two (72) hours;
- (ii) Deemed Generation shall apply in accordance with the PPA to the Company only for the period of such breakdown exceeding four hundred and thirty eight (438) hours on a cumulative basis in any Tariff Year or in monsoon months i.e. from June to September when the cumulative number of hours exceeds seventy two (72) hours.

The benefit pursuant to Section 9.9(i) above shall be made available by PTC to the Purchasers.

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- (vii). strikes, sabotage, go-slows or similar Industrial disputes at the Project or at the plant manufacturer works, or the Grid excluding such events which are site specific and / or attributable to the Company, or
- (viii). expropriation, requisition, confiscation, nationalization, export or import restrictions, requirements, action or omissions to act on the part of any Government Instrumentality or any person controlled by a Government Instrumentality, provided such adverse action or inaction did not result from the non-compliance of any applicable Law by the Affected Party; or
- (ix). archaeological findings or adverse geological conditions that were not reasonably foreseeable; or
- (x). any act of Government Instrumentality, or
- (xi). any event or circumstance of a nature analogous to any of the foregoing.
- (xii). Any failure or delay of the Construction Contractor caused by any of the aforementioned events for which no offsetting compensation is payable to the Company by or on behalf of such Construction Contractor.

10.3 Non Force Majeure Events

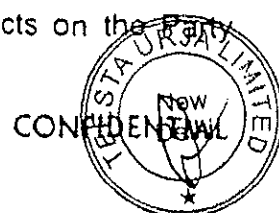
None of the following conditions shall constitute an event of Force Majeure, unless the existence of such condition is the result of an event of Force Majeure:

- (i) late delivery of plant, machinery, equipment, material spare parts , or
- (ii) a delay in the performance of any contractor.
- (iii) strikes or boycotts interrupting supplies and services to the Purchaser particular to the Purchaser and involves the Purchaser, the Purchaser's contractors or their respective employees, agents or representatives or any strike or boycott attributable to any unfair policy or practice of the aforementioned persons.
- (iv) economic hardship or financial inability.

10.4 Notification of Force Majeure Event

10.4.1 The Affected Party shall give notice to the other Party of any event of Force Majeure as soon as reasonably practicable, but not later than seven (7) days after the date on which such Affected Party knew or should reasonably have known of the commencement of the event of Force Majeure. If an event of Force Majeure results in a breakdown of communications rendering it not reasonably possible to give notice within the applicable time limit specified herein, then the Party claiming Force Majeure shall give such notice as soon as reasonably possible after reinstatement of communications, but not later than one (1) day after such reinstatement. Such notice shall include full particulars of the event of Force Majeure, its effects on the Party

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claiming relief and the remedial measures proposed, and the Affected Party shall give the other Party regular reports on the progress of those remedial measures and such other information as the other Party may reasonably request about the situation.

10.4.2 The Affected Party shall give notice to the other Party of (i) the cessation of the relevant event of Force Majeure; and (ii) the cessation of the effects of such event of Force Majeure on the performance of its rights or obligations under this Agreement, as soon as practicable after becoming aware of each of these cessations.

10.5 Duty to perform and duty to mitigate

To the extent not prevented by a Force Majeure event pursuant to Section 10.2, the Affected Party shall continue to perform its obligations pursuant to this Agreement. The Affected Party shall use its reasonable efforts to mitigate the effect of any event of Force Majeure as soon as practicable. Provided that no Party shall be required under this Section to settle any strike or labour dispute it considers being unfavourable to it.

If the Purchaser is the Affected Party and is unable to ensure off take of its share of Purchaser Billable Power and Purchaser Billable Energy, the PTC shall be entitled to sell such Purchaser Billable Power and Purchaser Billable Energy to a third party until such time that the Purchaser has issued a prior notice in the manner set out below, confirming the cessation of the event of Force Majeure.

Duration of Force Majeure	Period of notice
Upto 2 days	Nil
3 to 10 days	2 days
11 to 30 days	5 days
More than 30 days	10 days

No liability shall accrue on either Party in the duration of such notice period. On (or prior to if agreed to by the Parties) the expiry of the above notice period, the Parties shall recommence their obligations pursuant to this Agreement.

10.6 Failure or delay caused by Force Majeure

Neither Party shall be liable for any failure or delay in complying with its obligations pursuant to this Agreement to the extent that such failure or delay has been caused by or contributed to by one or more events of Force Majeure or their effects or by any combination thereof, subject to Sections 14.1, 14.2 or 14.3, as applicable. The period allowed for the performance by the Affected Party of its obligations hereunder shall be extended by one (1) day for each day of continuation of an event or events of Force Majeure.

Provided that such extension may be for such additional duration as may be required to compensate for any delay or failure resulting from the time spent on demobilization and remobilization of personnel and restoration of the Unit or Project or the restoration of the Grid after cessation of an event or events of Force Majeure to the pre-delay condition, assuming diligent compliance by such Party.

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10.7 Extended Force Majeure


The continuance of an event of Force Majeure for a period of 12 consecutive months shall constitute Extended Force Majeure. In the event of Extended Force Majeure, either Party may terminate the Agreement pursuant to Section 14.3.

10.8 Prior obligations not affected

Upon the occurrence of an event of Force Majeure, neither Party shall be relieved of its liabilities, under this Agreement that may have accrued till the date of commencement of Force Majeure event

10.9 Consequences of Payment during Force Majeure Event

Except for any Force Majeure arising out of 'act of God' as set out in Article 10.1.2(i) of the PPA affecting the Project or tie line (if any) or both, PTC shall be entitled to claim Deemed Generation in accordance with Section 7.7.


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SECTION 11 CHANGE IN LAW

- 11.1 A Change in Law pursuant to Article 11 of the PPA shall be deemed to be Change in Law for the purposes of this Agreement.

An impact of Change in Law to the Project till COD of the Project shall be as approved by CEA/CERC for final approval of Capital Cost at COD of the Project.

Furthermore, a Change in Law shall lead to Tariff Adjustment pursuant to this Agreement, so far as such adjustments are required to be made due to, and with effect from, the date when such Change in Law comes into operation and force having impact on the Company's costs or revenue directly attributable to the Project being decreased or increased during Operation Period of the PPA (and not merely from the date of adoption, promulgation, amendment, re-enactment or repeal of any Law); or the date of passing of order/judgment of the Competent Court, if the Change in Law is on account of a change in interpretation of Law. Additionally, for the purposes of this Agreement, Change in Law would mean:

- (i) the imposition by any Governmental Instrumentality of any material condition in connection with the issuance, renewal, modification, revocation or non-renewal (other than for cause) of any Consent after the date of this Agreement.

that in any of the above cases:

- (a) results in a change in PTC's Trading Margin either directly in the form of a levy or indirectly through a change in PTC's operating costs;
- (b) results in any change in respect of Tax;

- 11.2 Tariff Adjustment for Change in Law and costs of contesting the applicability of Change in Law

- 11.2.1 The Parties acknowledge and agree that if a Change in Law results in the Company's costs or revenue directly attributable to the Project being decreased or increased as set out in the PPA, the Tariff Payment payable by PTC to the Company shall be adjusted in accordance with Article 11.2 of the PPA and such adjustments shall be passed on to the Purchaser, in the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA. PTC shall provide the Purchaser, the certificate(s) / documents received by PTC from the Company having details of statements in regard to the adjustment in the Tariff Payment as a result of the Change in Law and supporting documents substantiating the same.

- 11.2.2 If a Change in Law results in an increase in the costs to be borne by PTC in the conduct of its operations, the transaction fee payable by the Purchaser to PTC shall be suitably adjusted so that there is no adverse effect on PTC.

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11.2.3 In the event that any costs are incurred by PTC in connection with contesting the applicability of a Change in Law, the same shall be passed on to the Purchaser in the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA.

11.3 Notices relating to Change in Law

11.3.1 In the event a Change in Law notice is issued by the Company to PTC, PTC shall, in turn, forward such notice to the Purchaser as soon as it receives notice of such Change in Law event from the Company, the Company being obligated to issue such notice not later than one (1) year after the date of notification of such Change in Law.

11.3.1.1 PTC shall respond to such Change in Law notices after receipt of written consent or disagreement from the Purchaser and in accordance with the same. In all such cases, the Purchaser shall notify in writing its consent to or disagreement with such notice to PTC within a period of fifteen (15) days of receipt of such notice from PTC. If the Purchaser does not respond within such fifteen (15) day period, then the Purchaser shall have deemed to have agreed with such request for Change in Law Tariff adjustment.

11.3.1.2 The Purchaser may also request PTC to issue a notice to the Company for claiming a Change in Law under this Section after it becomes aware of such Change in Law event, but not later than six (6) months after the date of notification of such Change in Law. In the event the Change in Law notice is issued by the Purchaser to PTC, PTC shall notify in writing its consent to or disagreement with such notice to the Purchaser within a period of forty five (45) days of receipt of such notice after duly consulting and receiving a written consent or disagreement from the Company and in accordance with the same.

11.3.2 A Change in Law notice issued by any Party must, *inter alia*, contain:

- (i) precise details of the applicable Change in Law;
- (ii) the estimated impact of such applicable Change in Law;
- (iii) the estimated Tariff Adjustment and adjustment of the Trading Margin; and
- (iv) all documents and calculations in support of Change in Law claim.

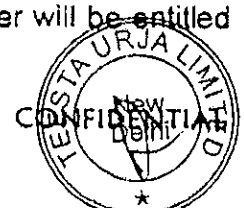
11.4 PSA Supplementary Bills relating to Change in Law

In the event of increase in Tariff Payments resulting from a Change in Law, following the settlement with the Company, if required, the Company may raise a Supplementary Bill on PTC. PTC shall, in turn, claim the Tariff increase from the Purchaser through a PSA Supplementary Bill and the Purchaser shall pay in accordance with Section 9.8. In the event of decrease in Tariff Payments resulting from a Change in Law and the Company making payment of amounts against a Supplementary Bill raised by PTC in accordance with Article 9.10 of the PPA (with notification by PTC to the Purchaser of such payment), the Purchaser will be entitled

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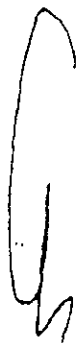
to claim such decrease in PTC Tariff Payment through a PSA Supplementary Bill and PTC shall pay to the Purchaser within seven (7) days of payment of such amount by the Company to PTC. PTC shall make payment of such PSA Supplementary Bill to the Purchaser's designated bank account and notify the Purchaser of such payment in accordance with Section 9.8.2.

11.4.1 PTC shall provide the Purchaser with a copy of the certificate, provided by the Company, stating that the adjustment in the Tariff Payment is directly as a result of the Change in Law and supporting documents to substantiate the same.

11.5 Dispute relating to Change in Law Notice

In the event of any difference or dispute arising out of a Change in Law claim, such difference or dispute shall be resolved between PTC and the Purchaser in accordance with Section 13.

For matters pursuant to Section 13.7, it is acknowledged and agreed that in all such instances, PTC shall represent the Purchaser in any associated Arbitration proceeding with the Company and any award(s) pursuant to such Arbitration between the Company and PTC shall be binding upon the Purchaser.


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SECTION 12 LIABILITY AND INDEMNIFICATION

12.1 Indemnity

12.1.1 The Purchaser shall indemnify, defend and hold PTC harmless against:

- (a) any and all third party claims, actions, suits or proceedings for any loss of or damage and expense of whatever kind and nature arising out of the construction, operation and maintenance of the drawal point and the Grid or arising out of a breach by the Purchaser of its obligations under this Agreement except to the extent that any such claim has arisen due to a negligent act or omission, breach of contract or breach of statutory duty on the part of PTC or its contractors, servants or agents or its employees; and
- (b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest suffered or incurred by PTC by reason of a breach by the Purchaser of any of its obligations under this Agreement. Provided that this Section 12 shall not apply to such breaches by the Purchaser, for which specific remedies have been provided for under this Agreement, except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of PTC or its contractors, servants or agents or its employees.

the above losses together shall constitute "Indemnifiable Losses".

12.1.2 PTC shall indemnify, defend and hold the Purchaser harmless against:

- (a) any and all third party claims, actions, suits or proceedings for any loss of or damage to property of such third party, or death or injury to such third party, arising out of a breach by PTC of its obligations under this Agreement except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of the Purchaser, its contractors, servants or agents; and
- (b) any and all losses, damages, costs and expenses including legal costs, fines, penalties and interest suffered or incurred by the Purchaser by reason of a breach by PTC of any of its obligations under this Agreement. Provided that this Section 12 shall not apply to such breaches by PTC, for which specific remedies have been provided for under this Agreement, except to the extent that any such claim, action, suit or proceeding has arisen due to a negligent act or omission, breach of this Agreement or breach of statutory duty on the part of the Purchaser, its contractors, servants or agents.

the above losses together shall constitute "Indemnifiable Losses".

12.2 Limitation of liability

A Party ("Indemnifying Party") shall not be liable to indemnify the other Party ("Indemnified Party") under this Section 12 for any indemnity claims made in a Tariff



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Year until the aggregate of all indemnity claims of the Indemnified Party in a given Tariff Year exceeds Rupees ten (10) lakhs.

Provided that the liability of the Indemnifying Party to indemnify the Indemnified Party in relation to the aggregate of all such indemnity claims in a given Tariff Year shall not exceed five percent (5%) of the average annual Tariff Payment upto the Tariff Year in which such claim is made.

12.3 Procedure for claiming indemnity

12.3.1 Third party claims

(a) Where the Indemnified Party is entitled to indemnification from the Indemnifying Party pursuant to Section 12.1.1(a) or 12.1.2(a), the Indemnified Party shall promptly notify the Indemnifying Party of such claim, proceeding, action or suit referred to in Section 12.1.1(a) or 12.1.2(a) in respect of which it is entitled to be indemnified. Such notice shall be given as soon as reasonably practicable after the Indemnified Party becomes aware of such claim, proceeding, action or suit. The Indemnifying Party shall be liable to settle the indemnification claim within 30 days of receipt of the above notice. Provided however that, if:

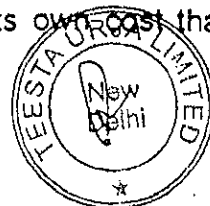
- (i) the Parties choose to contest, defend or litigate such claim, action, suit or proceedings in accordance with paragraph (b) below; and
- (ii) the claim amount is not required to be paid/deposited to such third party pending the resolution of the dispute,

the Indemnifying Party shall become liable to pay the claim amount to the Indemnified Party or to the third party, as the case may be, promptly following the resolution of the dispute, if such dispute is not settled in favour of the Indemnified Party.

(b) The Indemnified Party may contest, defend and litigate a claim, action, suit or proceeding for which it is entitled to be indemnified under Section 12.1.1(a) or 12.1.2(a) and the Indemnifying Party shall reimburse to the Indemnified Party all reasonable costs and expenses incurred by the Indemnified Party. However, such Indemnified Party shall not settle or compromise such claim, action, suit or proceedings without first getting the consent of the indemnifying Party, which consent shall not be unreasonably withheld or delayed.

An Indemnifying Party may, at its own expense, assume control of the defence of any proceedings brought against the Indemnified Party if it acknowledges its obligation to indemnify such Indemnified Party, gives such Indemnified Party prompt notice of its intention to assume control of the defence, and employs an independent legal counsel at its own cost that is reasonably satisfactory to the Indemnified Party.

12.3.2 Indemnifiable Losses



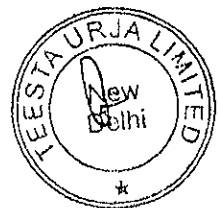
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Where an Indemnified Party is entitled to Indemnifiable Losses from the Indemnifying Party pursuant to Section 12.1.1(b) or 12.1.2(b), the Indemnified Party shall promptly notify the Indemnifying Party of the Indemnifiable Losses. The Indemnifiable Losses shall be paid by the Indemnifying Party within 30 days of receipt of the notice seeking Indemnifiable Losses by the Indemnified Party.

12.4 Limitation on Liability

Except as expressly provided in Section 14.6.1 and Section 14.6.2 and / or elsewhere in this Agreement, neither the Purchaser nor PTC nor their respective officers, directors, agents, employees or Affiliates (or their officers, directors, agents or employees), shall be liable or responsible to the other Party or its Affiliates, officers, directors, agents, employees, successors or assigns (or their respective insurers) for incidental, indirect or consequential damages or losses, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection herewith whether or not such damages or losses are subject to indemnities under Sections 12.1.1 and 12.1.2.

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SECTION 13 GOVERNING LAW AND DISPUTE RESOLUTION

13.1 Governing Law

This Agreement shall be governed by the Laws of India. Subject to Section 13.4, the courts of Delhi shall have exclusive jurisdiction in all matters arising out of or in connection with this Agreement.

13.2 Amicable Settlement

13.2.1 Either Party is entitled to raise any matter, dispute or difference of whatever nature arising under, out of or in connection with this Agreement including its existence or validity (collectively "Dispute") by giving a written notice to the other Party, which shall contain:

- (i) a description of the dispute;
- (ii) the grounds for such dispute; and
- (iii) all written material in support of its claim.

13.2.2 The other Party shall, within thirty (30) days of issue of the notice issued under Section 13.2.1, furnish:

- (i) the reasons for its disagreement;
- (ii) its counter-claim regarding the dispute; and
- (iii) all written material in support of its defence and counter-claim.

13.2.3 Within thirty (30) days of issue of the counter-claim of the other Party pursuant to Section 13.2.2, both the Parties shall meet and settle such dispute amicably within thirty (30) days of such meeting, failing which the dispute shall be referred to Arbitration in accordance with Section 13.3.

13.3 Arbitration

13.3.1 Subject to Section 13.3.2, all disputes between the Parties arising out of or in connection with this Agreement shall be settled through Arbitration as provided hereunder.

13.3.2 In the event of failure to reach an amicable settlement pursuant to Section 13.2.3,

- (a) where any Dispute does not form the subject matter of Section 13.7, then such Dispute shall be submitted to arbitration in accordance with the Arbitration and Conciliation Act, 1996 ("Arbitration Act") at the request of either Party upon written notice to that effect to the other Party and be finally determined by Arbitration. The rights and obligations of the parties shall remain effective during the Arbitration proceedings;
- (b) any dispute submitted to Arbitration shall be considered by three arbitrators (the "Arbitrators"), two of whom shall be nominated one by PTC and one by the Purchaser. If within 30 days of receipt of a Party's notification of appointment of an arbitrator, the other Party has not notified the first Party of

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the arbitrator it has appointed, the first Party may apply for the appointment of the second arbitrator in accordance with the Arbitration Act. The third arbitrator will be nominated by the two existing arbitrators, or failing such nomination within 30 days of appointment of the second arbitrator, shall be appointed in accordance with the Arbitration Act;

- (c) the Arbitration shall take place in New Delhi;
- (d) the Arbitrators shall give a reasoned decision or award in writing. The Arbitrators shall have the power to grant interim relief and pass an interim award; and
- (e) the language to be used in the Arbitration shall be the English language exclusively.

13.4 Finality and Enforcement of Award

The award of the Arbitrator shall be final and binding on both the Parties and shall be effective from:

- (i) the date such award is made, or
- (ii) the date, if any, specified as the effective date for such award by the Arbitrator.

13.4.1 The Parties undertake to carry out any decision or award of the Arbitrator relating to any dispute referred to it without delay. The Parties hereby waive any right to appeal against such award except on the grounds set out in the Arbitration and Conciliation Act, 1996.

13.5 Parties to Perform Obligations

Notwithstanding the existence of any dispute and difference referred to Arbitration, the Parties hereto shall continue to perform their respective obligations under this Agreement. This, however, shall not apply in the event of either Party terminating this Agreement in accordance with Section 14.

13.6 Costs of Arbitration

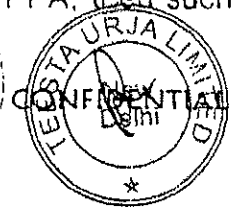
The Parties shall share equally all the costs and fees payable to the Arbitrators, unless decided otherwise pursuant to the award of such an Arbitration.

13.7 Disputes under the PPA

13.7.1 PTC shall provide the Purchaser with a copy of all notices relating to any disputes raised by the Company or PTC under the PPA.

13.7.2 In the event any dispute arises between PTC and the Purchaser relating to, or arising out of the rights and obligations of PTC or the Company under the PPA, then such


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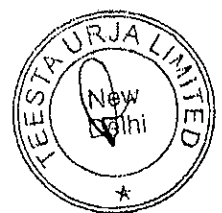
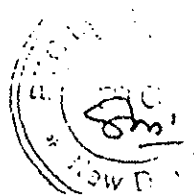


matters shall be resolved through Arbitration between the Company and PTC, as provided for in the PPA. In all such instances, PTC shall represent the Purchaser's interest in such proceedings. The Purchaser agrees that it shall accept and be bound by the award(s) of the Arbitration, as the case may be, between the Company and PTC.

13.7.3 In the event of Arbitration, the Company and PTC shall appoint a panel of three (3) arbitrators having expertise in the relevant fields to adjudicate upon such disputes (each party shall appoint one (1) arbitrator each and the two (2) arbitrators so appointed shall mutually appoint the third arbitrator). The time frame for appointment of such arbitrators shall be as specified in the PPA. If the parties fail to appoint such arbitrators within such period, such arbitrators shall be appointed in accordance with the provisions of the Arbitration and Conciliation Act, 1996. Such arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

13.7.4 The Purchaser shall assist PTC in representing the Purchaser's position in any arbitration proceedings between the Company and PTC as stipulated in Section 13.7.2 above. The Purchaser shall provide any and all assistance and co-operation (including any documentation or other evidence) requested by PTC or the arbitrators. Any failure on the part of the Purchaser to provide such assistance will not prevent PTC from continuing with such arbitration proceedings and the Purchaser (notwithstanding the fact that it may have failed to assist or co-operate with PTC or such arbitration proceedings) shall be bound by the arbitration award so rendered.


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SECTION 14 EVENTS OF DEFAULT AND TERMINATION

14.1 PTC Event of Default

The occurrence and continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by the Purchaser of its obligations under this Agreement, shall constitute a PTC Event of Default and the Purchaser may terminate this Agreement pursuant to this Section and the consequences of such termination shall be pursuant to Section 14.6.1:

- (i) the dissolution of PTC, pursuant to Law, except for the purpose of a merger, consolidation, reorganization where the entity resulting from such merger, consolidation or reorganization expressly assumes all obligations of PTC under this Agreement and is not prevented from performing them, or
- (ii) PTC becoming voluntarily or involuntarily the subject of proceedings under any bankruptcy or insolvency law or other law or procedure for the relief of financially distressed debtors, or takes or suffers any action for its liquidation, or has a receiver or liquidator appointed for all of its assets, pursuant to law, or
- (iii) the transfer of rights & obligations of PTC, pursuant to this Agreement, except where such transfer:
 - (a) does not affect the ability of the transferee to perform its obligations under this Agreement; and
 - (b) such transferee expressly assumes obligations of PTC under this Agreement, and
 - (c) the resulting entity, or transferee has the financial standing to perform the payment obligations under this Agreement and credit worthiness which is similar to PTC.
- (iv) PTC is in material breach of this Agreement, or
- (v) PTC repudiates this Agreement

14.2 Purchaser Event of Default

The occurrence and continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by PTC of its obligations under this Agreement, shall constitute a Purchaser Event of Default and PTC may terminate this Agreement pursuant to this Section and the consequences of such termination shall be pursuant to Section 14.6.2:

- (i) the Purchaser fails to pay any portion of a Purchaser Monthly Bill or PSA Supplementary Bill (either directly or through a draw down on the Payment Security Mechanism) for a period of thirty (30) days after the relevant PSA Due Date, or the Purchaser fails to pay any portion of a Purchaser Weekly Bill (either directly or through a draw down on the Payment Security Mechanism) for a period of seven (7) days after the relevant PSA Due Date or

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- fails to ensure the issue, maintenance, replenishment, renewal or restoration of the Purchaser Letter of Credit, to the required amount pursuant to Section 9 for a period of seven (7) days;
- (ii) the Purchaser fails to ensure the continued and timely effectiveness of the Payment Security Mechanism pursuant to Section 9.5 of this Agreement throughout the Term of Agreement, or
 - (iii) the transfer of the rights, obligations, substantial assets or undertakings of the Purchaser under this Agreement, pursuant to Law, except where:
 - (a) such transfer does not affect the ability of the transferee to perform its obligations under this Agreement; and
 - (b) such transferee expressly assumes the obligations of the Purchaser under this Agreement; and
 - (c) the resulting entity, or transferee has the financial standing to perform the payment obligations under this Agreement and credit worthiness which is similar to Purchaser; or
 - (iv) the Purchaser assigns its assets or rights in violation of Section 15 of this Agreement, or
 - (v) the dissolution of the Purchaser, pursuant to Law, except for the purpose of merger, consolidation or reorganization, where the entity resulting from such merger, consolidation or reorganization has the financial standing to perform its obligations under this Agreement and creditworthiness analogous to the Purchaser and such entity expressly assumes the obligations of the Purchaser under this Agreement and where such dissolution does not affect the payment security mechanism under this Agreement, or
 - (vi) the Purchaser becoming voluntarily or involuntarily the subject of proceedings under any bankruptcy or insolvency law or other law or procedure for the relief of financially distressed debtors, or takes or suffers any action for its liquidation, or has a receiver or liquidator appointed for all of its assets, pursuant to law, or
 - (vii) the Purchaser is in material breach of this Agreement, or
 - (viii) the Purchaser repudiates this Agreement, or
 - (ix) non-off-take of the Purchaser Billable Power and the Purchaser Billable Energy for a period of three (3) consecutive Months from the Commercial Operation Date of the Project, if the Project is otherwise ready for Commissioning, or
 - (x) non-off-take of the Purchaser Billable Power and the Purchaser Billable Energy for a period of three (3) consecutive Months during the Operation Period.

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14.3 Extended Force Majeure

14.3.1 The occurrence of an event of Force Majeure and its continuance for a period of 12 months shall constitute "Extended Force Majeure" and either Party shall have the right to terminate this Agreement in such instances.

14.3.2 In the event that any event of Force Majeure specified in Section 10.2 singularly or in any combination thereof, lasts for a continuous period of twelve (12) Months, either Party shall be entitled to terminate this Agreement by delivering a seven (7) day written notice of termination to the other Party; and this Agreement shall stand terminated at the end of such seven (7) day period provided that the Force Majeure condition is still operative at such time. Neither Party shall have any liability for termination compensation to the other Party as a result of termination of this Agreement pursuant to this Section.

14.4 Termination Procedure for PTC Event of Default

14.4.1 Upon the occurrence and continuation of a PTC Event of Default, the Purchaser has the right to deliver to PTC a Purchaser Preliminary Termination Notice, which notice shall specify in reasonable detail the circumstances giving rise to the issue of such Purchaser Preliminary Termination Notice.

14.4.2 Following the issue of a Purchaser Preliminary Termination Notice pursuant to Section 14.4.1, the Parties shall consult with each other for a period of sixty (60) days or such longer period as the Parties may agree ("Consultation Period"), to determine the steps to be taken to:

- (i) mitigate the consequence of the relevant event having regard to all the circumstances; and
- (ii) prevent termination of this Agreement.

14.4.3 During the Consultation Period, the Party in default shall, save as otherwise provided in this Agreement, continue to perform its obligations under this Agreement.

14.4.4 Within a period of five (5) days following the expiry of the Consultation Period and unless the Parties shall have otherwise agreed or the PTC Event of Default leading to the Consultation Period shall have been remedied, the Purchaser may terminate this Agreement by delivering a Purchaser Termination Notice, whereupon this Agreement shall terminate on the date of such notice.

14.5 Termination Procedure for Purchaser Event of Default

14.5.1 Upon the occurrence and continuation of any Purchaser Event of Default, PTC shall have the right to deliver to the Purchaser a PTC Preliminary Termination Notice, which shall specify in reasonable detail the circumstances giving rise to the issue of such PTC Preliminary Termination Notice.



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14.5.2 Following the issue of a PTC Preliminary Termination Notice pursuant to Section 14.5.1, the Parties shall consult with each other for a period of sixty (60) days or such longer period as the Parties may agree, to determine the steps to be taken to:

- (i) mitigate the consequence of the relevant event having regard to all the circumstances; and
- (ii) prevent termination of this Agreement.

14.5.3 Following the delivery of a PTC Preliminary Termination Notice by PTC pursuant to Section 14.5.1, and for as long as the Purchaser Event of Default continues, PTC shall have the right, but not the obligation, to enter into agreements, to sell during the Consultation Period, any such portion of the Power Output and Energy Output from the Project not evacuated by the Purchaser (during the period when Purchaser Event of Default continues and a further reasonable period within which PTC may terminate its sale arrangements with any such third parties) to any third party to the extent permitted by Law and on the best terms reasonably available over the period of sale (having regard to the Tariff) and subject to technical feasibility. The Purchaser shall facilitate wheeling of Power Output and Energy Output to such third party, if required by PTC.

14.5.4 During the Consultation Period, the Party in default shall, save as otherwise provided in this Agreement, continue to perform its obligations under this Agreement.

14.5.5 Within a period of five (5) days following the expiry of the Consultation Period specified in Section 14.5.2 and unless the Parties shall have otherwise agreed or the Purchaser Event of Default leading to the Consultation Period shall have been remedied, PTC may terminate this Agreement by delivering a PTC Termination Notice, whereupon this Agreement shall terminate on the date of such notice.

14.6 Consequences of Termination

14.6.1 Consequence of Termination for PTC Event of Default

14.6.1.1 Where this Agreement is terminated by the Purchaser pursuant to Section 14.4 for a PTC Event of Default, PTC shall be liable to pay to the Purchaser as termination compensation, an amount in the same proportion to Rs 356.25 crores, as the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA. However, in case any compensation pursuant to CERC Interstate Transmission Regulations for relinquishment of transmission access from the Delivery Point is payable by the Purchaser, then such compensation amount and the aforementioned amount equal to the proportion of Rs 356.25 crores, as the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA, shall be payable by PTC.

14.6.1.2 Such amount as per Section 14.6.1.1 shall be paid within thirty (30) days of the date of termination of this Agreement.

14.6.2 Consequence of Termination for Purchaser Event of Default



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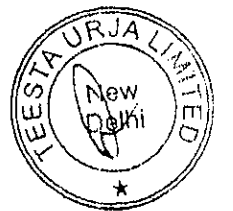
14.6.2.1 Where this Agreement is terminated by PTC pursuant to Section 14.5 for a Purchaser Event of Default, the Purchaser shall pay as termination compensation to PTC, an amount in the same proportion to Rs 356.25 crores, as the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA, to be passed on by PTC to the Company as the Company's compensation and an amount in the same proportion to Rs 18.75 crores, as the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA, as PTC's compensation. However, in case any compensation pursuant to CERC Interstate Transmission Regulations for relinquishment of transmission access from the Delivery Point is payable by PTC or the Company, then such compensation amount and the above amount in the same proportion to Rs 375 crores, as the ratio of Purchaser Contracted Power to PTC's Contracted Power in the PPA, shall be payable by the Purchaser.

14.6.2.2 Such amount as per Section 14.6.2.1 shall be paid within thirty (30) days of the date of termination of this Agreement.

14.6.3 Consequence of Termination for Extended Force Majeure

Where this Agreement is terminated by either Party pursuant to Section 14.3 for an Extended Force Majeure, this Agreement shall stand terminated and neither Party shall have any further liability from the date of such termination.

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SECTION 15 MISCELLANEOUS PROVISIONS

15.1 Amendment

This Agreement may only be amended or supplemented by a written agreement between the Parties and such amendments to this Agreement as also any amendments to the PPA or supplementary agreement in relation to the PPA shall be incorporated as a Schedule to this Agreement (to be updated from time to time).

15.2 Third Party Beneficiaries

This Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns and shall not be construed as creating any duty, standard of care or any liability towards any third person.

15.3 No Waiver

A waiver by a Party shall be in writing and executed by an authorized representative of that Party. Neither the failure by one Party to insist on any occasion upon the performance of the terms, conditions, and provisions of this Agreement nor time or other indulgence granted by one Party to the other shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right under this Agreement, which shall remain in full force and effect.

15.4 Language

The language of this Agreement and all written communication between the Parties relating to this Agreement shall be in English, unless otherwise agreed.

15.5 Remedies

Where this Agreement provides for any rebate or other remedies for any breach or shortfall in performance, the Parties shall not be entitled to make any other claim or pursue other remedies under law.

15.6 Entirety

This Agreement constitutes the entire Agreement between the Parties as to its subject matter and supersedes any prior understanding or agreement reached between the Parties, including any memorandum of understanding between the Purchaser and PTC in connection with the Project.

15.7 Assignment

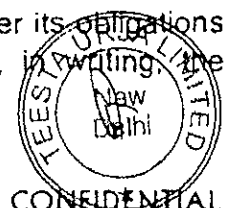
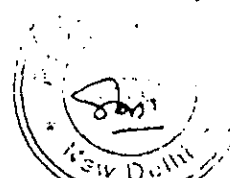
15.7.1 This Agreement shall not be assigned by either Party other than by mutual agreement between the Parties in writing.

15.7.2 Notwithstanding Section 15.7.1, PTC may assign its right and transfer its obligations under this Agreement to its lenders or/and Affiliate by notifying, in writing, the Purchaser.

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Provided that, in case of an assignment to Affiliates:

- (i) an entity shall qualify as an "Affiliate" of PTC if it, directly or indirectly, controls, is controlled by or is under common control with PTC; the term "control" meaning ownership of more than fifty percent (50%) of the equity share capital or voting rights of the company or the power to appoint a majority of the board of directors of a company;
- (ii) such Affiliate has the ability to perform all obligations of PTC under this Agreement and such affiliate has the financial standing to perform its obligations under this Agreement and creditworthiness similar to that of PTC and such assignment does not affect the ability of such Affiliate to perform all obligations of PTC under this Agreement; and
- (iii) such Affiliate expressly assumes such obligations of PTC under this Agreement.

15.7.3 Notwithstanding Section 15.7.1, the Purchaser may assign its rights and transfer its obligations under this Agreement to any entity that is formed as a result of a merger, consolidation or reorganization of the Purchaser and provided that such resulting entity expressly assumes all obligations of the Purchaser under this Agreement and is in a position to perform them.

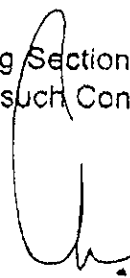
15.7.4 If the Purchaser or any part of the business of the Purchaser is corporatized/privatized (or spun-off in any other manner whatsoever to another entity), then the Purchaser shall during such process (and in any event prior to completion of any such unbundling process but after formation of corporate entities with requisite powers to enter into contracts), enter into legally binding contractual obligations with such entity(s) to cause continued performance of Purchaser's obligations under this Agreement (which may be performed (or required to be performed) by such new entity), so as to ensure continued performance of Purchaser's obligation under this Agreement, at all times, without any additional costs or obligations on PTC.

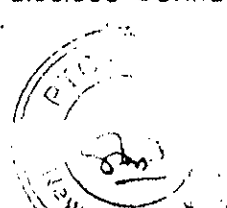
15.8 Confidentiality

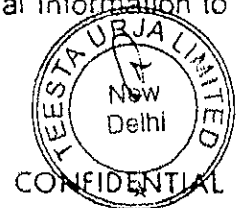
15.8.1 Each Party shall maintain in strict confidence and protect the confidentiality of all documents and other information relating to this Agreement, whether technical or commercial, written or oral, supplied to it by or on behalf of the other Party (the "Confidential Information") and shall not disclose any such Confidential Information to any third party without the prior written consent of the other Party.

Provided that each Party shall be entitled to use such Confidential Information for all lawful purposes relating to the Project and fulfilment of its obligations under this Agreement.

15.8.2 Notwithstanding Section 15.8.1, each Party may disclose Confidential Information to the extent that such Confidential Information:


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- (i) was lawfully in the public domain prior to its delivery to such Party or after such delivery if it becomes part of the public domain without breach of any confidentiality obligations or Law by the receiving Party under this Agreement, or
- (ii) was obtained from a third party with no known duty to maintain its confidentiality, or
- (iii) is required to be disclosed by applicable Law or judicial or administrative or arbitral process or by any Governmental Instrumentality, provided that for any such disclosure, the disclosing Party shall give the other Party prompt written notice, where possible, and use reasonable efforts to ensure that such disclosure is accorded confidential treatment and also to enable such other Party to seek a protective order or other appropriate remedy at such other Party's sole costs, or
- (iv) is provided to professional advisors, agents, auditors or representatives of a Party as is reasonable under the circumstances, provided, that the Party receiving such Confidential Information shall require such persons to undertake in writing to keep such Confidential Information confidential and shall use its best efforts to ensure compliance with such undertaking.

15.9 Affirmation

The Purchaser and PTC each affirm that:

- (i) neither it nor its respective directors, employees, or agents has paid or undertaken to pay or shall in the future pay any unlawful commission, bribe, pay-off or kick-back; and
- (ii) it has not in any other manner paid any sums, whether in Indian currency or foreign currency and whether in India or abroad to the other Party,

to procure this Agreement, and the Purchaser and PTC hereby undertake not to engage in any similar acts during the term of this Agreement.

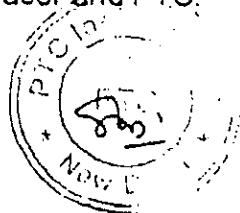
15.10 Severability

The provisions of this Agreement are severable, and if any portion of this Agreement is deemed legally invalid or unenforceable, the remainder of this Agreement shall survive and remain in full force and effect; provided that, if a provision is held to be invalid or unenforceable, the Parties shall negotiate in good faith to adopt a replacement provision to carry out, in effect, the Parties' original intention to the extent permitted by applicable Laws

15.11 No Partnership

None of the provisions of this Agreement shall constitute a partnership or agency or any such similar relationship between the Purchaser and PTC.

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15.12 Survival

Notwithstanding anything to the contrary herein, the provisions under Section 12 (Liability and Indemnification), Section 13 (Governing Law and Dispute Resolution), Section 14 (Events of Default and Termination), and Section 15 (Miscellaneous) shall continue and survive for a period of 5 years from expiry or termination of this Agreement.

15.13 Further Assurances

Each Party agrees that it shall do all such acts (including executing documents) as may be reasonably required to give effect to its obligations under this Agreement.

15.14 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which collectively shall be deemed one and the same instrument.

15.15 Notices

15.15.1 All notices to be given under this Agreement shall be in writing and in the English Language.

15.15.2 All notices must be delivered personally, by registered or certified mail, facsimile or electronic mail to the addresses below:

For the Purchaser:

Address:

Uttar Pradesh Power Corporation Limited
Shakti Bhawan, 14 Ashok Marg, Lucknow -
226001

Attention:

Chief Engineer (Commercial)

Facsimile No.:

0522 - 2287835

Telephone No.:

0522 - 2287868 / 2287869

Electronic mail:

For PTC:

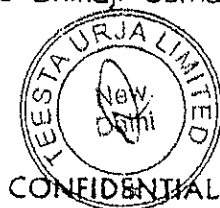
Address:

P T C India Limited,
2nd Floor, NBCC Tower, 15 Bhikaji Cama
Place, New Delhi-110066

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PSA For Teesta-III HEP

Attention:

Group Head – DCS

Facsimile No.:

(011) 41659144

Telephone No.:

(011) 41659131

Electronic mail:

controlroom@ptcindia.com

For the Company:

Address:

Teesta Urja Limited

119-Jorbagh

New Delhi-110003

Attention:

Mr. Y.N. Appa Rao

(Managing Director)

Facsimile No.:

+91-124-4356757

Telephone No.:

+91-124-4356758

Electronic mail:

apparao@teestaurja.com

15.15.3 All notices shall be effective:

- (i) If sent by facsimile or electronic mail when sent (on receipt of confirmation of the correct number or address);
- (ii) If sent by registered or certified mail, within five (5) days of dispatch; and
- (iii) If delivered personally, on receipt by intended recipient.

Provided that all notices given by facsimile or electronic mail shall be confirmed by registered or certified mail.

15.15.4 Each Party shall forthwith notify the other Party of any change in its address to which notices under this Agreement are to be delivered, mailed, facsimiled or electronically mailed.

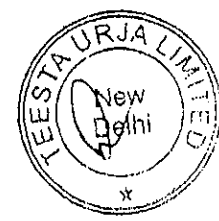
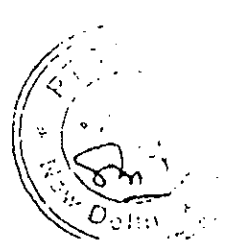
15.16 Waiver of Immunity

Each Party hereby agrees that the execution, delivery and performance by it of this Agreement constitute private and commercial acts rather than public or governmental acts and accordingly, no immunity from proceedings brought against it or its assets in relation to this Agreement shall be claimed on the ground that the execution, delivery and performance by it of this Agreement constitute public or governmental acts.

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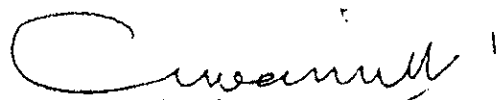
15.17 Schedules

Schedules and other attachments hereto shall be treated as part of this Agreement.

IN WITNESS WHERE OF the Parties have executed these presents through their authorized representatives at Lucknow.

For and on behalf of the
PURCHASER

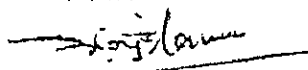
For and on behalf of the
P T C INDIA LIMITED



Signature with seal

Witness:

1.

2.

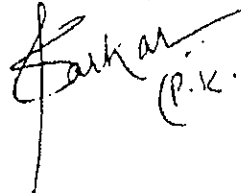

Suptending Engineer
S.P.A.T. Circle,
U.P. Power Corps. Ltd.,
LUCKNOW

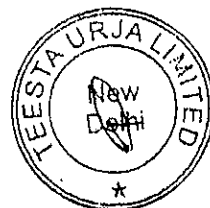

S.S. SHARMA
Sr. Vice President
Signature with seal
2nd Floor, New Delhi
15 Bhikaji Cama Place, New Delhi-110066

Witness:

1.

2.


(P.K. SARKAR)



ANNEXURE - A

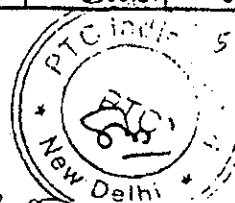
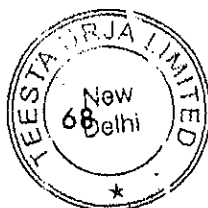
Design Energy Output of the Project (as reproduced from the PPA)

In accordance with the provisions in the PPA, the Design Energy Output for the Project is reproduced below:

Energy Generation in 90% Dependable Year (On 95% Machine Availability Basis)

ENERGY GENERATION IN 90% DEPENDABLE YEAR (1991-92)								Design Saleable Energy	
Month	Period	10 Daily Discharge	Release for Aquatic Life	Power MW	Power at 95% Plant Availability	Energy GWH	Design Energy	Up To 15 Years	15 Years
		cumecs	cumecs	MW	MW		MU	MU	MU
JUN	I	117.8	NO SUCH PROVISION IS MADE FROM THE DAM AS THERE EXISTS A SMALL STREAM JUST DOWNSTREAM OF THE DAM AXIS	809	809	194.2			
	II	173.3		1190	1140	273.6			
	III	170.5		1171	1140	273.6	741.45	644.67	622.69
JULY	I	179.0		1200	1140	273.6			
	II	189.1		1200	1140	273.6			
	III	166.2		1142	1140	301.0	848.16	737.45	712.31
AUGUST	I	193.9		1200	1140	273.6			
	II	187.4		1200	1140	273.6			
	III	146.2		1004	1004	265.0	812.23	706.21	682.13
SEPT	I	171.1		1175	1140	273.6			
	II	144.9		995	995	238.9			
	III	122.8		843	843	202.4	714.88	621.57	600.38
OCT	I	104.2		715	715	171.7			
	II	99.3		682	682	163.6			
	III	91.0		625	625	165.0	500.32	435.01	420.18
NOV	I	60.9		418	418	100.4			
	II	49.5		340	340	81.6			
	III	42.9		295	295	70.8	252.79	219.79	212.30
DEC	I	39.5		271	271	65.1			
	II	34.7		238	238	57.2			
	III	35.9		246	246	65.0	187.35	162.89	157.34
JAN	I	34.5		237	237	56.9			
	II	31.6		217	217	52.0			
	III	30.3		208	208	54.9	163.84	142.46	137.60
FEB	I	31.0		213	213	51.1			
	II	29.5		203	203	48.7			
	III	28.4		195	195	42.2	141.97	123.44	119.23
MAR	I	32.8		225	225	54.0			
	II	37.7		259	259	62.1			
	III	47.7		328	328	86.5	202.68	176.22	170.21
APR	I	50.7		348	348	83.6			
	II	66.0		453	453	108.8			
	III	53.7		369	369	88.5	280.86	244.20	235.88
MAY	I	56.4		387	387	93.0			
	II	69.5		477	477	114.6			
	III	71.3		489	489	129.2	336.76	292.80	282.82
TOTAL ENERGY						5183.3	5183.29	4506.72	4353.08

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5183.29 x 0.88 x 0.988
= 4506.55

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5. That, if at any time, for any reason whatsoever, UPPCL defaults in making payments to the Company, a Notice of Demand will be served on the Escrow Agent by the Company to remit the amount to the Company from the said designated Escrow Account. Such Notice of Demand shall be conclusive evidence of UPPCL having defaulted on the payment of dues to the Company. Provided always that the payment under such Notice of Demand shall be made by the Escrow Agent to the Company from and out of the collection of revenue, receivables, realization made inclusive of capital receipts, proceeds from investment subsidy and any other source in the Escrow Account beyond Rs ★ and upto Rs ★ i.e. during each British Calendar month and subject to the maximum amount of per month. After the flow of first Rs ★ Crore through the said account, the payment there under shall be made from the aforesaid receipt in the said account beyond Rs ★ Crore and upto Rs ★ Crore i.e. received in the subsequent month and so on till such time any demand raised by the Company is fully met with.
6. That subject to the conditions hereinbefore contained, on receipt of the Notice of Demand from the Company, the Escrow Agent shall without unreasonable delay effect the payment demanded by the Company, superceding all other payments under the obligation of UPPCL and also any other instructions of UPPCL and notwithstanding any reason whatsoever.
7. That, subject to the clause 5 hereinabove, should for any reason, the balance in the Escrow Account be insufficient to meet fully the payments demanded by the Company in their Notice of Demand, the Escrow Agent may debit and make remittance to the Company to the extent available therein and as and when further credits are affected/received into the Escrow Account, the Escrow Agent shall continue to make remittance to the Company till the full amount as per Notice of Demand by the Company is paid.
8. UPPCL and the Escrow Agent confirm that UPPCL has given an irrevocable and unconditional authorization under this Agreement in favour of the Escrow Agent extending inter-alia, the mandate to discharge all its commitments under this Agreement from time to time and UPPCL and the Escrow Agent shall not revoke the mandate without the prior written approval and consent of the Company.
9. The Escrow Agent shall not have any lien or right to set off or be entitled to assert any claim on the monies in the Escrow account to the extent of demand raised by

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TEESTA URJA LIMITED
New
Delhi
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the Company upto an amount of _____ i.e. from Rs ★ to
Rs ★ Crore in a month.

10. The parties shall be governed and construed in accordance with Indian Laws and the parties hereby irrevocably submit to the exclusive jurisdiction of the courts at Delhi to entertain and decide any dispute relating to or arising out of this Agreement.
11. UPPCL shall indemnify the Escrow Agent against any financial liability while discharging its duty being an Escrow Agent. The Escrow Agent shall raise all Bills towards the charges fees, commissions, and expenses on UPPCL which UPPCL shall promptly settle separately without raising any debt against the Escrow Account and the Company shall not be responsible for any delay/non payment of these bills.
12. The Escrow Agent shall furnish a monthly bank statement of the above Escrow Account by the first week of the succeeding month to the Company and as and when called for by the Company.
13. Names and specimen signatures of the Company's officials authorized to issue Notice of Demand duly attested are annexed. Any change in the said authorization will be advised to their Escrow Agent at the appropriate time.
14. Except as otherwise expressly provided elsewhere in this agreement, all notices and / or communications which are required and remitted to be in writing and shall be sufficient if delivered by Registered post / speed post / Facsimile / courier / telegram and addressed to the addresses given hereunder.

IN WITNESS whereof the parties hereto have executed these presents the day, month and year first herein above written.

NOTE: ALL BLANKS MARKED WITH ★ SHALL BE FILLED ON THE DATE OF SIGNING OF THE ESCROW AGREEMENT

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ANNEXURE – C

PPA between PTC and Teesta Urja limited

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