

LOAN DOCUMENTS

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(Bulk Guarantee Deed)**GUARANTEE DEED**

This deed of guarantee made on the _____ day of _____ Two thousand _____ between the Governor of _____ (hereinafter called "the Surety" which expression shall include his successors in office) of the one part and the Rural Electrification Corporation Limited, a Company registered under the Indian Companies Act, 1956 and having its Project Office at _____ (hereinafter called the "Corporation" which expression shall include its successors and assigns) of the other part.

WHEREAS:

1.(i) The _____ State Electricity Board (hereinafter referred to as the "Board") intends to undertake in the financial years 200__ to 200__ (hereinafter referred to as the "said years") schemes/projects for extension for rural electrification in the state of _____ (hereinafter referred to as the "said schemes") to be implemented in the said and/or subsequent years involving a total expenditure of Rs. _____ in the aggregate..

(ii) The Board intends to obtain from the Corporation in the said years loans (hereinafter referred to as the "said loans") for implementation of the said schemes, there being a separate loan for each of said schemes on terms and conditions, including rate of interest and instalment/instalments in which each of the said loans would be paid by the Corporation to the Board in the said/or subsequent years, as may be agreed to between the Corporation and Board and embodied in the respective agreements to be executed between them in the said year for the said loans, the total amount of all the said loans for the said schemes not exceeding in aggregate the aforesaid amount of Rs. _____.

(iii) The Corporation would not grant the Board the said loans without a guarantee from the Surety in favour of the Corporation in the manner hereinafter appearing for Rs. _____ (amount to cover the principal amounts of the said loans plus 20% thereof for interest as may be due thereon).

(iv) The Surety has now at the request of the Board agreed to furnish such guarantee in favour of the Corporation as is hereinafter mentioned.

..../-

:2:

NOW IT IS HEREBY AGREED TO BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

2(i) That to enable the Board to obtain from the Corporation in the said years the said loans on terms and conditions as may be agreed to between them for implementing the said schemes and in consideration of the aforesaid premises the Surety hereby fully unconditionally and Irrevocably guarantee to the Corporation the due repayment by the Board to the Corporation of the said loans and the due payment of interest by the Board to the Corporation on each of the said loans or instalment/instalments thereof as shall become due and payable in terms of the aforesaid agreements, to be executed between the Board and the Corporation in the said years for the grant of the said loans by the Corporation to the Board for the implementation of the said schemes at the time or times and in the manner to be provided in the said agreements and in the event of the Board's failure to repay the said loans or any part or parts thereof and/or to pay any interest that will become due and payable a remain due and unpaid by the Board to the Corporation, the Surety will on demand pay the same to the Corporation.

(ii) That the Surety will forward to the Corporation the Memorandum of each of the aforesaid Agreements to be executed between the Board and the Corporation in the said years the loan under which is to be secured by this Guarantee, before each such agreement is executed by the Corporation with the direction to the Corporation to annex it to this deed of guarantee as one of the agreements the loan under which is secured by this Guarantee.

(iii) That the liability of the Surety under this guarantee in respect of the loans that may be granted by the Corporation to the Board under the aforesaid agreements to be executed between the Corporation and the Board in the said years for implementation of the said schemes or of the instalment/instalments thereof and the interest due thereon under the said agreements shall not at any time exceed the aforesaid sum of Rs. _____ (the amount mentioned in para 1(iii) above)

(iv) That the Guarantee hereby given shall be a continuing guarantee and shall not be considered wholly or partially satisfied by any payment or liquidation at any time or times hereinafter of any sum or sums of money for the time being due under the aforesaid agreements or any of them by way of principal or interest but shall, subject to the aforesaid limit, extend to cover and be a security for all future sums at any time or times due thereafter under the said agreements AND this guarantee shall continue until all the dues of the Corporation under said agreements have been paid in full or otherwise fully discharged by the Surety to the satisfaction of the Corporation irrespective of any part payment or payments and if necessary for the said purpose guarantee for payment of any part of such dues of the Corporation by the Surety shall be construed to be a separate and divisible guarantee.

.../-

:3:

(v) That the Surety doth hereby consent to the Corporation making any variance that it may think fit in the terms of any of the said Agreement at any time after their execution and agrees that such variance shall not affect his liability under the guarantee hereby given.

(vi) That any neglect or the forbearance of the Corporation in enforcing the payment or repayment to it of any of the said loans or any instalment/instalments thereof or of interest thereon under the said Agreements or any of the said agreements, payment or repayment whereof is intended to be hereby secured or giving of time by the Corporation for the payment or repayment thereof shall not in any way release the Surety of his liability under the guarantee herein before contained.

(vii) The Surety hereby agrees and declares that the Corporation will not be bound or compelled to take any proceedings whatsoever against the Board for recovery, enforcement or realisation of any of the due of the Corporation from or against the Board under or in pursuance of the said Agreements or any of the said agreements before calling upon the surety to pay any such dues to the Corporation under and in pursuance of the guarantee hereby given so that the Surety shall be liable and bound to pay all such dues to the Corporation as shall be or become due and payable by the Board, notwithstanding that no proceedings whatsoever shall have been taken by the Corporation against the Board for recovery, enforcement or realisation of any such dues.

(viii) That any amount intimated by the Corporation as outstanding against the Board under the said Agreements or any of the said Agreements shall be conclusive and binding against the Surety and shall not be questioned by the Surety.

(ix) The Surety hereby agrees for closure of said schemes at the request of the Board on the basis of the achievements found to generate revenues to meet the norms of viability as prescribed by the Corporation under respective category of loans as applicable and schemes fulfil the criteria as prescribed by the Corporation for closure of said schemes for consideration of the Corporation. In the event the Corporation approving the closure of the said schemes, the liability of the State Govt. as a guarantor of the loans in respect of said schemes shall remain unaffected and continue to be in full force and binding on the State Govt. The Surety also agrees for variations, if any, to be made in the original schemes as it stood at the time of sanction of loan and modifications, if any, in the schedule of repayment as a result of closure of the said schemes within the overall period of repayment as originally stipulated may be made by the Corporation at the request of the Board.

(x) That in the event of breach by the Board of any of the terms and conditions on which any of the said loans may be given by the Corporation (including those contained in the respective said Agreements), the Corporation may without prejudice to its other rights recall the aforesaid loan or all the said loans or any portion or portions thereof under the said Agreements and in the event of failure on the part of the Board to make payment as required by the Corporation the Surety shall pay forthwith the amounts as and when so required by the Corporation.

.../-

:4:

The Surety doth hereby declares that the guarantee hereby given by the Surety is within the limits fixed/*no limit has been fixed by the legislature of the State of _____ under Article 293(1) of the Constitution of India.

In witness whereof the parties have set their hands hereunto through their respective subscribing officials and the Surety has hereunto affixed his official seal on this Deed on the day, month and year first above written.

(Signature)

Signature of the Officer
Competent to execute the
Deed acting in the premises for
On behalf and under the
Authority of Rural Electrification
Corporation Limited.

In the presence of :

Witnesses

- 1.
- 2.

•Strike off whichever is not applicable.

(Signature)

Signature of _____
acting in the premises for,
on behalf and under the
authority of the Governor
of _____

In the presence of :

Witnesses

(Individual Guarantee Deed)**GUARANTEE DEED**

This deed of guarantee made on the _____ day of _____ between the Governor of _____ (hereinafter called the "Surety" which expression shall include his successors in office) of the one part and the Rural Electrification Corporation Limited, a company registered under the Indian Companies Act 1956 and having its project Office at _____ (hereinafter called the "Corporation" which expression shall include its successors and assigns) of the other part.

Witnesses as follows:-

1. In consideration of the Corporation granting loans and advances to _____ (hereinafter referred to as the Board for the _____ to the extent of Rs. _____ lakhs (Rupees _____) on the terms and conditions as set out in the Memorandum of Agreement dated the _____ a copy of which is hereto annexed (hereinafter referred to as the Memorandum of Agreement) between the Corporation and the Board, the Surety hereby fully, unconditionally and irrevocably guarantee the due repayment of principal and payment of the interest on each of the loans/advances or any instalment or instalments thereof granted by the Corporation.

2. The Surety and the Corporation hereby mutually agree as follows:-

i) That the liability of the Surety in respect of the Loans/advances or instalment or instalments thereon shall not at any time exceed the sum of Rs. _____ lakhs (Rupees _____), the interest due thereon as under the Memorandum of Agreement.

ii) That the guarantee hereby given shall be a continuing guarantee and shall, subject to the aforesaid limit, extend to cover any instalment or instalments of the loans and advances sanctioned or disbursed under the Memorandum of Agreement.

iii) That the Surety doth hereby consent to the Corporation making any variance that it may think fit in the terms of said Memorandum of Agreement and agrees that such variance shall not affect his liability under the guarantee.

..../-

:2 :

iv) That any neglect or the forbearance of the Corporation in enforcing the payment or repayment to it of any loans and advances or any instalment or instalments thereof under the Memorandum of Agreement, payment or repayment whereof is intended to be hereby secured or giving of time by the Corporation for the payment or repayment thereof shall not in any way release the Surety of his liability under the guarantee herein before contained.

v) The Surety hereby agrees and declares that the Corporation will not be bound or compelled to take any proceedings whatsoever against the Board for recovery enforcement or realisation of any of the dues of the Corporation from or against the Board under or in pursuance of the Memorandum of Agreement before calling upon the Surety to pay any such dues to the Corporation under and in pursuance of the guarantee hereby given so that the surety shall be liable and bound to pay all such dues to the Corporation as shall be or become due and payable by the Board, notwithstanding that no proceedings whatsoever shall have been taken by the Corporation against the Board for recovery enforcement or realisation of any such dues.

vi) That any amount intimated by the Corporation as outstanding against Board shall be conclusive and binding against the Surety and shall not be questioned by the Surety.

That in the event of breach by the Board of any of the terms and conditions on which loans and advances have been given by the Corporation (including those contained in the Memorandum of Agreement), the Corporation may without prejudice to its other rights, recall the entire loans and advances or any portion thereof, and in the event of failure on the part of the Board to make repayment as required by the Corporation, the Surety shall pay forthwith the amounts as and when so required by the Corporation.

vii) The Surety hereby agrees for closure of said schemes, at the request of the Board on the basis of the achievements found to generate revenues to meet the norms of viability as prescribed by the Corporation under respective category of loans as applicable and schemes fulfil the criteria as prescribed by the Corporation. In the event of the Corporation approving the closure of the said schemes, the liability of the State Government as a Guarantor of the loans in respect of said schemes shall remain unaffected and continue to be in full force and binding on the State Govt. The Surety also agrees for variations, if any, to be made in the original schemes as it stood at the time of sanction of loans and modifications, if any, in the schedule of repayment as a result of closure of the said schemes within the overall period of repayment as originally stipulated, may be made by the Corporation at the request of the Board.

.../-

:3:

3. The Surety doth hereby declare that the guarantee hereby given by the Surety is within the limits fixed/*no limit has been fixed by the legislature of State of _____ under Article 293(1) of the Constitution of India.

In witness whereof the parties have set their hands hereunto through their respective subscribing officials and the Surety has hereunto affixed his official seal on this Deed on the day, month and year first above written.

.....
(Signature)

Signature of the officer
Competent to execute the deed
acting in the premises
for, on behalf and under
the authority of Rural
Electrification Corporation Ltd.

In the presence of

Witnesses :

1.1.

and

2.

.....
(Signature)

Signature of.....
acting in the premises
for, on behalf under
the authority of the
Governor of.....

In the presence of

Witnesses:

and

2.

*Delete whichever is not applicable

(Revolving Guarantee)**GUARANTEE DEED**

This deed of guarantee made on the _____ day of _____ Two thousand _____ between the Governor of _____ (hereinafter called "the Guarantor" which expression shall include his successors in office) of the one part and the Rural Electrification Corporation Limited, a Company registered under the Companies Act, 1956 and having its Registered Office at Core 4, SCOPE Complex, 7 Lodi Road, New Delhi-110 003 and Project Office at _____ (hereinafter called the "Corporation" which expression shall include its successors and assigns) of the other part.

WHEREAS, by and under different deeds of guarantees executed by guarantor on diverse dates as mentioned in Annexure-A hereto, the guarantor irrevocably and unconditionally guaranteed due repayment by _____ Board to the Corporation of various loans granted by Corporation to the Board under various Memorandum of Agreements entered into between the Corporation and the Board on diverse dates, together with interest, penal interest and other charges payable thereunder (hereinafter referred to as the "Existing Agreements").

WHEREAS, in terms of existing agreements a sum of Rs. _____ crores and interest and other charges due thereon is outstanding as on _____ (date). The Corporation, at the request of the Board, has agreed to consolidate all the outstanding loans under the Existing Agreements together for the purpose of securing all payments on account of principal, interest and/or any other charges, due and payable by the Board to the Corporation under the terms of any or all of the Existing Agreements, by this deed of Guarantee thereby substituting all the deeds of guarantees referred to in Annexure-A hereto, by this present.

WHEREAS the _____ State Electricity Board (hereinafter referred to as the "Board" which expression shall include its successors and assigns) intends to undertake various further Schemes/Projects for extension of electrification (hereinafter referred to as "New Schemes") in the state of _____ (hereinafter referred to as the "State") besides those which are already covered under the guarantees referred to in Annexure-A hereto/Existing Agreements (all the existing schemes under guarantees referred to in Annexure-A and the future schemes are hereinafter collectively referred to as the "said schemes").

.../-

:2:

AND WHEREAS in addition to the loan already taken by the Board under the Existing Agreements, the Board intends to obtain from the Corporation further loans for implementation of the New Schemes (the loans disbursed by the Corporation under the Existing Agreements together with those to be disbursed by the Corporation to the Board for future schemes are hereinafter collectively referred to as the "said loans", there being a separate loan for each of said schemes. The Existing Agreements and fresh agreements to be executed in respect of the New Schemes contains/will contain the terms and conditions, including repayment schedule and rate of interest, as agreed/may be agreed to between the Corporation and the Board for the said loans (the Existing Agreements and fresh agreement to be executed in respect of the future/new schemes are hereinafter collectively referred to as "Agreements").

AND WHEREAS the Corporation has agreed to grant the said loans to the Board subject to a guarantee being furnished by the guarantor in favour of the Corporation to secure all payments on account of the principal, interest and/or any other charges, as and when due and payable, by the Board to the Corporation under any of the said schemes. As aforesaid, the present guarantee shall secure all payments on account of principal, interest and/or any other charges, due and payable by the Board to the Corporation under the terms of any or all of the Agreements. As such the present guarantee shall substitute all the guarantees referred to in Annexure-A hereto besides securing the aforesaid payment in respect of the fresh agreements to be executed in respect of the future/new schemes.

AND WHEREAS THE Guarantor has at the request of the Board agreed to guarantee, on the terms and conditions more specifically stated herein below, all payments on account of the principal, interest and/or any other charges, as and when due and payable, by the Board to the Corporation under any of the said schemes. The Guarantor further agrees that this guarantee shall stand automatically replenished without any further action on the part of the Guarantor, the Corporation or the Board to the extent of the following:

- (i) the amount of loan being repaid by the Board to the Corporation with interest and other charges in respect of any of the said schemes/Agreements; and/or
- (ii) the loan instalment not drawn by the Board consequent upon the closure of any of the said schemes or otherwise;

AND WHEREAS the amount guaranteed herein shall not exceed Rs. _____ towards principal amount of the said loans besides interest due thereon and other charges.

.../-

:3:

NOW IT IS HEREBY AGREED TO BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. That in consideration of substituting the existing deeds of guarantees as referred to in Annexure-A hereto and further to enable the Board to obtain from the Corporation loans as aforesaid and in consideration of the said premises, the Guarantor hereby fully, unconditionally and irrevocably guarantees to the Corporation the due payment by the Board to the Corporation of all amounts towards principal amounting to Rs._____and interest thereon and/or any other charges as shall become due and payable in terms of the Agreements executed between the Board and the Corporation for the grant of the loans by the Corporation to the Board for the implementation of the said schemes.
2. That the liability of the guarantor herein shall extend to all the said schemes. The details of the said schemes other than those covered under the guarantees referred to in Annexure-A hereto, shall be furnished by the Corporation immediately upon execution of agreement between the Board and the Corporation in respect thereof; and in any case not later than 7 days from the date of disbursement of the first instalment of loan under the said schemes. The intimation herein shall be the sole requirement for coverage of the said schemes under the present guarantee.
3. That the Guarantor undertakes to pay forthwith without demur and reference to the Board, such sums as the Corporation may demand in writing on account of principal, interest and/or any other charges that have become due and payable under all or any of the Agreements.
4. That the liability of the Guarantor under this guarantee shall not at any time exceed the sum of Rs._____ (amount to be mentioned) towards the principal amount of loan besides interest thereon and the other charges due in terms of the Agreements. It is expressly understood between the parties that amount under this guarantee shall stand automatically replenished without any further action on the part of the guarantor, the Corporation or the Board to the extend of the following:
 - (i) the amount of loan being repaid by the Board to the Corporation with interest and other charges in respect of any of the said Schemes/Agreements; and/or
 - (ii) the loan instalment not drawn by the Board consequent upon the closure of any of the said schemes or otherwise;

.../-

:4:

5. That the Guarantee hereby given shall be continuing guarantee and shall not be considered wholly or partially satisfied by any payment or liquidation whether in full or in part, at any time or times, of any sum or sums of money that have become due and payable under the Agreements or any of them, by way of principal and/or interest but shall, subject to the aforesaid limit be a continuing security for all such future sums that may become due at any time under the said Agreements or any of them, and this guarantee shall continue until all the dues of the Corporation under the said Agreements have been paid in full or otherwise fully discharged by the Board or the guarantor to the satisfaction of the Corporation.

6. That the guarantor doth hereby agrees that any change/variance in the terms of the Agreements, including but not limited to the re-schedulement of repayment of loan, whether with or without the consent of the guarantor, will not affect its liability under the guarantee hereby given.

7. That any neglect or forbearance of the Corporation in enforcing the payment or repayment to it of any of the said loans, interest thereon, or any instalment/instalments thereof and/or any other charges under the said Agreements or any of them, payment or repayment whereof is intended to be hereby secured, or giving of time by the Corporation for the payment or repayment thereof, shall not in any way release the Guarantor of his liability under this guarantee.

8. Notwithstanding anything to the contrary contained in this guarantee, the Guarantor hereby agrees and declares that the corporation will not be bound or compelled to take any proceedings whatsoever against the Board for recovery, enforcement or realisation of any of the dues of the corporation from or against the Board under or in pursuance of the said Agreements or any of the said Agreements before calling upon the guarantor to pay any such dues to the Corporation under and in pursuance of the guarantee hereby given so that the Guarantor shall be liable and bound to pay all dues to the Corporation as shall be or become due and payable by the Board.

9. That any amount intimated by the Corporation as due and payable against the Board under the said Agreements or any of the said Agreements shall be conclusive and binding against the Guarantor and shall not be questioned by the Guarantor.

10. The guarantor hereby agrees for closure of any one or more of the said schemes at the request of the Board (provided that such request is supported by the written approval of the Corporation, which approval shall not be unreasonably withheld provided the closure of the scheme fulfils the criteria prescribed by the Corporation for closure of said schemes). The Guarantor also agrees for variations, if any, to be made in any of the said schemes in respect whereof closure is sought, as it stood at the time of sanction of loan, and modifications, if any, in the schedule of repayment as a result of closure of the same within the overall period of repayment as originally stipulated. Notwithstanding anything contained in this sub-clause, liability of the Guarantor shall remain unaffected and continue to be in full force and binding on the Guarantor to the extent of the limit specified in clause 4 here-in-before.

..../-

:5:

11. That in the event of breach by the Board of any of the terms and conditions of any one or more of the Agreements under which any of the said loans have been advanced by the Corporation to the Board, the Corporation may, without prejudice to its other rights, recall the entire outstanding amount under any or all of the said loan(s) along with interest and/or other charges that are recoverable under the said Agreement(s) and in the event of failure on the part of the Board to make payment as required by the Corporation, the Guarantor shall pay forthwith the amounts as and when so required by the Corporation.

12. Notwithstanding anything to the contrary contained in the Agreements, the guarantor agrees that the Corporation shall have the right to assign its right and benefits under this guarantee to the Government of India, Reserve Bank of India or any other institution/corporation or any other legal entity (hereinafter referred to as "assignee") pursuant to any arrangement, understanding or otherwise between the Corporation and such assignee.

13. that on execution and coming into force of this guarantee, all the existing Guarantee referred to in Annexure-A hereto shall stand vacated.

The Guarantor doth hereby declares that this guarantee is within the limits fixed/*no limit has been fixed by the legislature of the State of _____ under Article 293(10) of the Constitution of India. The Guarantor shall further confirm in writing at the end of each financial year, during existence of the present guarantee that the loans guaranteed for are within the limits prescribed by the legislature of the State.

In witness whereof the parties have set their hands hereunto through their respective subscribing officials and the Surety has hereunto affixed his official seal on this Deed on the day, month and year first above written.

Signature

Signature of the Officer
Competent to execute the
Deed acting in the premises for
On behalf and under the
Authority of Rural Electrification
Corporation Limited.

In the presence of :

Witnesses

- 1.
- 2.

Signature

Signature of _____
acting in the premises for,
on behalf and under the
authority of the governor
of _____

In the presence of:

Witnesses

- 1.
- 2.

*Strike off whichever is not applicable.

Annexure-A**Details of Existing Guarantee Deeds**

Sl.No.	Date of Guarantee Deed	Amount of Guarantee Deed	Total principal amount of loan* (secured under Guarantee Deed)	Principal amount of loan outstanding as on 31.3.2002 against Guarantee Deed
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***Schemewise details are given in Annexure-‘B’
(In case of Bulk Guarantee)**

Annexure-B**Schemewise details of loan secured and outstanding**

Date of Guarantee Deed	Principal amount secured under Bulk Guarantee Deed	Loans as per scheme codes	Outstanding loan as on 31.3.2002
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(on Non-judicial Stamp Paper of appropriate value)

DECLARATION

In consideration of the _____ Electricity Board constituted under Section 5(i) of Elec. (supply) Act, 1948 had having its head office at _____ (hereinafter referred to as "the Board" which expression shall unless repugnant to subject or context thereof mean and include its successors and assigns) taking/having taken various Loans for different projects/schemes from the Rural Electrification Corporation Ltd., having its registered office at Core-4, Scope Complex, 7 Lodhi Road, New Delhi and its Project Office at _____ (hereinafter referred to as "Corporation " (which expression shall unless repugnant to subject or context thereof mean and include its successors and assigns) and the Board having agreed to establish an Escrow Account only with its Bank for revenue collection and to give irrevocable instructions to such Bank to pay to the Corporation, amounts due but not paid by the Board immediately on receipt of notice of payment from the Corporation, I, _____ acting in the capacity as _____ and having the authority to give this Declaration on behalf of the Board do hereby declare as under:

The Board of Directors in their meeting _____ dated _____ has resolved to borrow Rs. _____ from Corporation _____ Loans for a period of _____ on interest of _____ % payable on monthly basis.

The Board of Directors in its meeting held on _____ has authorised to create an Escrow A/c in favour of Corporation, and has also authorised the Bank to fulfil the obligations as per Irrevocable Letter of Authority (copy of the Board Resolution attached).

That the Board has opened an Escrow Account bearing No. _____ with _____ situated at _____ (Name of the Bank) into which during the past six months collection of revenue has been on the average of Rs. _____ crore. The said Escrow Account will be valid till such time that the loan taken by Board from Corporation alongwith interest and other liabilities is fully repaid.

That the revenues of the Board from various collection centres shall be remitted to the above Escrow Account for collection of revenues Account No. _____ with the _____, situated at _____ (Name of the Bank) by means of transfer or any other mode of payment on a day to day basis. We undertake that the collections of any amount made by the Board will be deposited only in the above mentioned ESCROW Account.

That an Irrevocable Letter of Authority in favour of the said Bank duly executed by the Authorised Officer of the Board for the purpose of maintenance and operation of the said Escrow Account has been given to the said Bank, a copy of which duly authenticated is annexed herewith and the Irrevocable Letter of Authority so given shall form an integral part of this Declaration as if set-forth hereunder and shall be binding on the Board.

...../-

:2:

That the Board shall not revoke or recall the said Letter of Authority given in favour of the said Bank so long as any amount is due to the Corporation towards principal of the loans and interest thereon and all costs and expenses or any of them connected therewith and so long as the Corporation has not advised the Board and the Escrow Account Bank in writing that all amounts have been duly received by the Corporation and that no other amount is due by the Board to the Corporation in regard to the loan, interest, penal interest, costs and expenses.

The Board certifies that they will not avail any Overdraft/Cash Credit facility against this Escrow Account. Board also undertakes to create Ist charge of Corporation on this ESCROW Account and to complete the formality in this regard including filing of requisite returns/formalities with Registrar of Companies.

Till the entire loan amount alongwith interest thereon and any other related liability has been discharged fully, the Board shall not open any other account or establish any other mode for the purpose of collection of its revenues/realisation except as provided in the Irrevocable Letter of Authority given by it to the said Bank. In the event Board intends to open any other account or establish any other mode for the purpose of collection of its revenues/realisation other than as provided in the said Irrevocable Letter of Authority, the Board shall obtain prior consent of the Corporation before opening any other Account or establishing any other mode for the purpose of collection of its revenues/realisations. The Board further undertakes to direct to the Bank to provide all information and/or statements etc. to Corporation regarding operation, conduct and transaction of this Escrow Account as may be required by Corporation from time to time.

That the Corporation shall without prejudice to its other rights and remedies be entitled to recall the loan covered under the Memorandum of Agreement at any time before the due dates for repayment thereof, if the Board fails to fulfil its obligations under this Declaration or any other documents executed in connection with the loan and/or in the event of its committing a breach of any of the terms thereof.

Yours faithfully,

Encl: Irrevocable Letter of Authority

()
Official Seal of _____)

Place:

Date:

IRREVOCABLE LETTER OF AUTHORITY

Name and Address of
Bank

Dear Sir,

In consideration of the _____ Electricity Board, a body corporate registered under Section 5(i) of Elec. (supply) Act, 1948 and having its head office at _____ hereinafter called "the Board" (which expression shall unless repugnant to subject or context thereof mean and include its successors and assigns) taking/having taken various loans for different schemes from the Rural Electrification CORPORATION Ltd., having its Registered Office at Core-4, Scope Complex, 7 Lodi Road, New Delhi-110003 with the Project Office at _____ (hereinafter called "REC") (which expression shall unless repugnant to subject or context thereof mean and includes its successors and assigns), the Board has undertaken/agreed to make punctually all the payments to the REC on account of repayment of principal, payment of interest, penal interest other costs and expenses etc. that will become due and payable as per terms of various loans sanctioned/dispensed in the past, as also those may be sanctioned and dispensed in future by the REC to the Board. The Board has also agreed with the REC, in accordance with the terms and conditions of various loans by the REC to the Board (which applies to past and future loans) that it shall establish an Escrow Account for collection of revenue with effect from _____ to cover sufficiently the loan amount of Rs. _____ alongwith interest/other dues with its Bank and shall give irrevocable instruction to such Bank to pay to the REC the amounts due but not paid by the Board immediately on receipt of Notice of Demand from the REC. Pursuant to the above understanding with the REC for availing and for continuing to avail loan facility from the REC, the Board hereby gives this irrevocable letter of authority with the following instructions to your Bank:

The Account No. ___ of the Board with your Bank be designated as 'Escrow Account for collection of revenue'.

If at any time, for any reason whatsoever the Board defaults in making payments to the REC on account of repayment of principal, interest, penal interest, other costs, expenses etc. notice of demand will be served on your Bank by the REC for making payment to REC on behalf of Board of the defaulted amounts. Such Notice of demand shall be conclusive evidence of the Board having defaulted and the Bank shall not question the validity or otherwise of such notice.

On receipt of the notice of demand from R.E.C. either through telex/fax (written communication of which will be sent later) or by letter, your Bank shall immediately effect the payment demanded by the REC, in full, from the credits available in the said Escrow Account and if necessary by debiting the Cash Credit account of the Board with the Bank superceding all other payments. Any advice issued by any functionary of the Board for making payments to any party other than the REC will not be acted upon till the payments demanded by the REC have been made in full.

...../-

:2:

Should for any reason, the balance in our Escrow Account (including amount of limit sanctioned by the bank) be insufficient to meet fully the payment demanded by the REC in their Notice, we authorise you not to raise any debit on our Escrow Account, notwithstanding the importance or the nature of proposed debits, and make remittance to the REC to the extent available and as and when further credits are effected to our account, continue to make remittances to the REC till the full amount as per Notice of demand by the REC is paid back.

We also authorise you to provide to REC bank statement(s), all information etc. to REC regarding operation, conduct and transaction of this account as may be required by REC from time to time.

Only after the amount payable to the REC as per the Notice of demand of the REC is paid in full only either in one such remittance at the first instance or in more than one instalment, should regular transaction of the Board be carried out in the Account.

The instructions in this Irrevocable Letter of Authority shall remain in full force and effect and shall not be revoked/modified/repealed nor any charge created by the Board on the said Account without the written consent of the REC.

Names and designations of REC's officials authorised to issue notice of demand are indicated below. Any change in the authorised signatories will be advised to you at the appropriate time directly by REC.

- | | | |
|----|-----------------|------------------------|
| 1. | Chief(Finance) | Shri V.K. Arora |
| 2. | Chief (Finance) | Shri A.B.L. Srivastawa |

You are requested to take note of this letter of authority and communicate your acceptance to us as given below with the copy to Rural Electrification Corporation Limited.

Thanking you,

Yours faithfully,
For and on behalf of

...../-

:3:

The irrevocable letter of Authority as above has been noted and taken on record by the Bank for strict compliance.

The Account No. _____ of Board maintained with our Bank has been designated as "Escrow Account for collection of revenues".

Place _____

Signature:
Authorised Officer:
Designation:
Name of Bank:
Branch:

(Official seal of Bank)

Dated: _____

To

Shri Abhay Mishra,
Executive Director (Finance),
Rural Electrification
Corporation Ltd.,
Core-4, SCOPE Complex,
7, Lodhi Road,
New Delhi-110003.

(On the Letter Head of the Bank)

LETTER OF “NO SET OFF” FROM BANKERS

No. _____

Dated _____

To

The Director(Finance)
R.E.C. Limited,
New Delhi-110003.

Dear Sirs,

In consideration of your having sanctioned a loan of Rs. _____ crores to _____ (Name of the Board)and the said Board agreeing to open an Escrow Account No. _____ only with us for Revenue Collection and payment to the REC in terms of an Irrevocable Letter of Authority and confirmation given by us. We hereby agree and confirm that on receipt of any demand notice from REC, the Bank shall not exercise its right of set off its dues on any account, whatsoever, against the said Escrow Account opened with us. We also agree that no amount from the said Escrow Account shall be transferred from the said account for being kept in call, short-term, fixed or any other deposit with our Bank or any other Bank without the prior approval of the REC and no amount will be paid to any other party till the amount demanded by REC has been paid in full.

If any amount has been transferred before receipt of Demand Notice from REC for any such deposits from the said Account, the same shall be realised on their due dates and the proceeds shall be redeposited in the Escrow Account and utilised for the purpose of making repayments of principal amount and payment of interest and other charges to the REC as aforesaid.

We also agree that the proceeds of the revenue collection will be credited only in the specified ESCROW Account.

Yours faithfully,

For (Name of the Bank)

(Official Seal of the Bank)

(for STL)

**MEMORANDUM OF AGREEMENT
(HYPOTHECATION OF GOODS)**

Made the _____ day of _____ 2002_ between Rural Electrification Corporation Limited, a Government of India Enterprise having its Registered Office at Core-4, Scope Complex, 7 Lodi Road, New Delhi-110003 and a Project Office at _____ (hereinafter referred to as “the Corporation” which expression shall include its successors and assigns) of the one part and _____ constituted under section 5(i) of the Electricity Supply Act, 1948 having its Head Office at _____ (hereinafter referred to as “the Borrower” which expression shall include its successors and assigns) of the other part.

WHEREAS the borrower by its letter dated _____ made an application to the Corporation for grant of a loan of Rs. _____ lakhs (Rupees _____ only) to be utilised for procurement of materials and equipments meant for execution of Rural Electrification works.

AND WHEREAS the Corporation has sanctioned a loan of Rs. _____ (Rupees _____ only) to the borrower for the purposes of making advance purchases in the current financial year (200_-200_) of materials particulars whereof are given in the schedule hereto on the terms and conditions contained in the Corporation’s letter dated the _____ day of _____ 200_ to the Borrower conveying sanction of the loan and on the terms and conditions hereunder written:

AND WHEREAS the Borrower has by its Resolution dated the _____ day of _____ 200_ passed at a meeting of its Board on the _____ day of _____ 200_ has agreed to accept the said loan on the said terms.

AND WHEREAS according to one of the conditions of the loan the Borrower is required to secure due repayment of the loan and payment of interest thereon by hypothecation of its stock of transmission and distribution materials adequate to cover the amount of loan.

AND WHEREAS the Borrower has agreed to hypothecate its stock of transmission and distribution materials in the manner hereinafter provided.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows:

..../-

:2:

1. The whole of the Borrower's stocks of transmission and distribution materials which now or hereafter from time to time during this security shall be brought into stores or be in or about the Borrower's godowns or premises at _____ or wherever else the same maybe (including any such goods in course of transit or delivery) shall be hypothecated to the Corporation and its assigns by way of first charge as security for the payment by the Borrower to the Corporation in respect of the said loan and also as security for the payment and discharge of all indebtedness or liability of the Borrower to the Corporation in respect of any bills of exchange promissory notes or instruments at any time drawn made accepted or endorsed by the Borrower solely or jointly with other which the Corporation may become interested in together with all interest commission charges costs (between Attorney and Client) and expenses payable to or incurred by the Corporation in relation thereto.

2. The Corporation will lend and advance to the Borrower during the financial year (200_ -200_) the sum of Rs. _____ (Rupees _____ only) on the terms and conditions set out in the Corporation's said letter dated the _____ day of _____ 200_ and on the terms and conditions herein set out. The said letter shall form part of this Agreement as Annexure-I as if fully setforth hereunder and all the terms and conditions set out in the said letter will be binding on the Borrower.

3. The Borrower shall set off or repay the amount of the said loan with interest thereon in accordance with the terms and conditions set out in that behalf in the said letter of the Corporation dated the _____ day of _____ 200_. The Borrower shall make all payments of principal and interest to the Corporation at its Registered office at New Delhi.

4. The borrower will at all times maintain a sufficient quantity and market value of materials aforesaid to cover the loan amount or pay the Corporation the equivalent thereof in cash.

5. The said materials shall be kept at the Borrower's risk and expense in good condition.

...../-

:3:

6. The Corporation its Agents and Nominees shall be entitled at all times without notice to the Borrower but at the Borrower's risk and expense and expense and if so required as Attorney for and in the name of the Borrower to enter any place where the said materials may be and inspect value insure superintend disposal and/or take particulars of all or any part of the said materials and check any statement accounts reports and information and also on any default of the borrower in payment of any money hereby secured or the performance of any obligation of the borrower to the corporation or the occurrence of any circumstances in the opinion of the corporation endangering this security to take possession of recover receive appoint receivers or remove and/or sell by public auction or private contract despatch for realisation or otherwise dispose of or deal with all or any part of the said materials and enforce realise settle compromise and deal with any rights or claims relating thereto without being bound to exercise any of these powers or being liable for any loss in the exercise thereof and without prejudice to the Corporation's rights and remedies of suit or otherwise and notwithstanding there may be any pending suit or other proceedings the borrower undertaking to give immediate possession to the Corporation on demand of the said material and to transfer and deliver to the Corporation all related bills contracts securities and documents and agreeing to accept the Corporation's accounts of sales and realisations as sufficient proof of the amounts realised and relative expenses and to pay any shortfall or deficiency thereby shown provided that the Corporation shall be entitled to all times to apply any other money or moneys in its hands standing to the credit of or belonging to the borrower in towards payment of any amount for the time being payable to the Corporation on the said loan or otherwise as aforesaid and to recover at any time from the borrower by suit or otherwise the balance remaining payable to the Corporation on the said loan or otherwise notwithstanding that all or any of the securities may not have been realised provided also that subject to these powers of the Corporation the borrower may with the approval of the Corporation sell the said materials from time to time in due course of business provided the margin of the security required by the Corporation is fully maintained and on the terms of payment or delivery to the Corporation of the proceeds thereof or documents therefore immediately on receipt thereof.

7. The said materials and all sale realisation and all documents under this security shall always be kept distinguishable and held as the Corporation's exclusive property specifically appropriated to this security to be dealt with only under the directions of the Corporation and the Borrower shall not create any mortgage charge lien or encumbrance upon or over the same or any part hereof except to the Corporation nor suffer any such mortgage charge lien or encumbrance to affect the same or any part thereof nor do or allow anything that may prejudice this security.

...../-

:4:

8. The borrower will submit to the Corporation monthly or oftener as may be required stock statements with list of current insurance policies and amounts attached verified by certificates of the Borrower that the quantities and amounts stated are correct and that all stocks are fully covered by insurance and will also furnish and verify all statements reports returns certificates and information and will also execute all documents and do all acts and things which the Corporation may require to give effect hereto and the Borrower authorise the Corporation through its Agents and Nominees as Attorney for and in the name of the Borrower to do whatever the Borrower may be required to do hereunder.

9. This Agreement shall operate as a continuing security for all moneys indebtedness and liabilities aforesaid.

10. That nothing herein shall prejudice any rights or remedies of the Corporation in respect of any present or future security guarantee obligation or decree for any indebtedness or liability of the Borrower to the Corporation.

11. It is declared that all present materials aforesaid are the absolute property of the borrower at the sole disposal of the Borrower and free from any prior charge or encumbrance and that all future materials hereunder shall be likewise the unencumbered absolute and disposable property of the Borrower.

12. The Borrower shall utilise the materials procured from this loan exclusively for the implementation of rural electrification works.

13. The Borrower has represented to and assured the Corporation that the loan applied for and being granted by the Corporation to the Borrower is within the borrowing powers of the Borrower in accordance with the laws and by-laws applicable to it and all formalities required by the laws and by-laws and rules regulating the work and conduct of the Borrower in respect of such borrowing have been fully complied with.

14. The borrower shall furnish to the Corporation such periodical returns of its working and with regard to the utilisation of the amount of the loan and the progress of the scheme as may be required by the Corporation.

15. The Borrower shall make available for the inspection of the Corporation all its books of account and other books and documents maintained by it and/or required to be maintained by it under any law, by-laws or rules of the Borrower and allow all facilities to the Corporation or any person authorised by it for the purpose of carrying out such inspection. The Corporation shall have the right to inspect the rural electrification projects of the borrower approved/to be approved by the Corporation and all the books of account, records and documents relating thereto at any time. The Borrower agrees and undertakes to follow and give effect to all recommendations regarding standards and specification of work, economy measures, maintenance of records, utilisation of the loan amount as may be given by the Corporation from time to time.

...../-

:5:

16. The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by the Corporation at any time during the pendency of this agreement, more fully and effectively securing the moneys due and payable or to become due and payable by the Borrower to the Corporation in terms of these presents.

17. The Corporation shall without prejudice to its other rights and remedies be entitled to recall the loan at any time before the due date for repayment thereof, if the Borrower fails to fulfil its obligations under this agreement and/or in the event of its committing a breach of any of the terms thereof. The decision of the Managing Director of the Corporation as to whether a breach of the terms of this agreement has been committed by the Borrower or not shall be final and binding on the Borrower.

18. In the event of a default on the part of the Borrower or any breach of the terms and conditions of these presents, the Borrower shall be liable to pay to the Corporation all costs, charges and expenses incurred by the Corporation in connection with the negotiations for the agreement and in respect of the agreement.

IN WITNESS whereof the parties have executed these presents at _____ the day, month and year hereinabove written.

SCHEDULE ABOVE REFERRED TO

By.....
on behalf of RURAL ELECTRIFICATION
CORPORATION LIMITED

SIGNED, SEALED AND DELIVERED

By _____

On behalf of (name of the Electricity Board)

_____)

SIGNED, SEALED AND DELIVERED

by.....
on behalf of
Electricity Board.

(LA/TL)

LOAN AGREEMENT
(To be executed on Non-Judicial Stamp Paper)

This Agreement is made at _____ on this _____ day of _____
 200_____.

BETWEEN

Rural Electrification Corporation Limited, a Govt. of India Enterprise, (through its Project Office at _____), a Company registered under the Companies Act, 1956 and having its registered office at Core – 4, SCOPE Complex, 7 Lodi Road, New Delhi (hereinafter referred to as 'REC' which expression shall include its successors and permitted assigns) ONE PART.

AND

* _____, a Company registered under the Companies Act, 1956 and having its registered office at _____* (hereinafter referred to as "the Borrower", which expression shall include its successors and permitted assigns) OTHER PART.

REC and the Borrower collectively referred to as "Parties" and singularly as a "Party".

WHEREAS the Borrower vide letter dated _____ has sought financial assistance of Rs. _____ (Rupees _____) as Term Loan from REC to be utilised for _____ (state the purpose of extending loan) (hereinafter referred to as the 'Project') the details whereof are provided in Annexure-A, written hereunder, and forms part and parcel of the present Agreement.

***In case of SEBs**

_____ **Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948 having its Head Office _____.**

...../-

:2:

WHEREAS the Borrower vide letter dated _____ has sought financial assistance of Rs. _____ (Rupees _____) as Term Loan from REC to be utilised for _____ (state the purpose of extending loan)(hereinafter referred to as the 'Project') the details whereof are provided in Annexure - A, written hereunder, and forms part and parcel of the present Agreement.

AND WHEREAS REC has agreed to sanction the Term Loan of Rs. _____ (Rupees _____ only) to the Borrower for the purpose(s) aforementioned and has conveyed the sanction of the Term Loan to the Borrower vide its Sanction Letter dated the _____ 200_ on the terms and conditions stated in the Sanction Letter, (a copy whereof is enclosed hereto as Annexure B). The terms and the conditions stated in Annexure B hereof are to be read alongwith the terms and conditions set forth hereinafter and form part and parcel of the present Agreement.

AND WHEREAS the Borrower has by its Resolution dated the _____ day of _____ 200_ passed at the meeting of its Board on the _____ day of _____ 200_ has agreed to accept the said loan on the said terms and conditions.

AND WHEREAS as per the terms and conditions contained in the Sanction Letter dated _____, 200_ the Borrower agrees and undertakes to secure the principal sum of the Term Loan, interest and other charges by an unconditional and Irrevocable Guarantee by the State Government and/or by way of first charge through English/Equitable Mortgage with or without pari-passu charge and/or Simple Mortgage [Please strike out whichever is not applicable] on the land and buildings* owned by the Borrower and/or by way of an exclusive charge through hypothecation of all unencumbered moveable properties including moveable machinery, equipments, machinery spares, tools, implements and accessories installed and its all stocks of materials, equipments (hereinafter referred to as 'Movables') adequate* to cover the loan amount, interest, penal interest and other charges.

***add other items here, if necessary.**

...../-

:3:

AND WHEREAS the Borrower has agreed to accept the disbursement of the Term Loan on instalments on the terms and conditions contained in the Sanction Letter.

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. REC will lend and advance to the Borrower the Term Loan of Rs. _____ (Rupees _____ only) (the "Loan") to be repaid along with interest and other charges over a period of _____ years.

REC will make disbursement(s) of the Term Loan in installments, on REC being reasonably satisfied with the progress of the Project undertaken by the Borrower and more specifically in terms as laid down in the sanction letter.

The Borrower agrees and undertakes to secure the principal sum of the Term Loan, interest and other charges by an unconditional and irrevocable guarantee by the State Government and/or by way of first charge through English/Equitable Mortgage with or without pari-passu charge and/or Simple Mortgage [Please strike out whichever is not applicable] on the land and buildings owned by the Borrower and/or by way of an exclusive charge through hypothecation of all unencumbered moveable properties including moveable machinery, equipments, machinery spares, tools, implements and accessories installed and its all stock of materials, equipments (hereinafter referred to as 'Movables') adequate to cover the loan amount, interest, penal interest and other charges.

*To take in valuation of the said Movables Hypothecated being 1.3 times of the loan sanctioned.

...../-

:4:

4. The Borrower shall repay loan with interest, penal and other charges in accordance with terms and conditions of the sanction letter. The Borrower shall make all payments of principal, interest, penal interest and other charges to REC at its Registered Office at New Delhi.

5. The Borrower shall implement the project in accordance with project report as submitted at the time of application for the grant of loan and shall also adhere to and comply with all such amendments thereto as are approved by REC. The Borrower also agrees to complete the project in the manner and according to time schedules as per terms of sanction letter.

6. The Borrower represents and assures REC that the Term Loan applied for and being granted by REC to the Borrower is within the borrowing powers of and in accordance with the laws and by-laws applicable to it and all formalities required by the laws and by-laws and rules regulating the work and conduct of the Borrower in respect of such borrowing have been fully complied with.

To secure REC against financial losses that may arise as a result of dilution of the security charged in favour of REC, on account of any reason whatsoever, the Borrower shall immediately intimate REC in writing about such dilution and/or inadequacy, and shall replace or provide such additional security to the satisfaction of REC, in order to protect the interests of REC against such financial loss that may arise due to the aforesaid reason.

The Borrower shall make available for the inspection of REC, as and when called upon to do so, all its books of account and other books and documents maintained by it and/or required to be maintained by it under any law, by-laws, or rules of the Borrower and allow all facilities to REC, its Agents, Nominees and Authorized Representatives authorised by it for the purpose of carrying out such inspection.

...../-

:5:

9. The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by REC at any time during the pendency of this agreement, more fully and effectively securing the moneys due and payable or to become due and payable by the Borrower to REC in terms of these presents.

10. REC shall without prejudice to its other rights and remedies be entitled to recall the Loan or any portion or portions thereof at any time before the due date for repayment thereof, if the Borrower fails to fulfil its obligations under this agreement and/or in the event of its committing a breach of any of the terms thereof. The decision of the Chairman and Managing Director of REC as to whether a breach of the terms of this agreement has been committed by the Borrower or not, shall be final and binding on the Borrower.

11. In the event of a default on the part of the Borrower or any breach of the terms and conditions of these presents, Borrower shall be liable to pay to the REC all costs, charges and expenses incurred by REC in connection with the negotiations for the agreement and in respect of the agreement.

12. Neither this agreement nor any of the rights, obligations hereinafter shall be assigned by the Borrower without the prior written consent of REC.

13. No waiver by REC of any breach of this Agreement by the Borrower shall be considered a waiver of any subsequent breach of the same or any other provision.

The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions, Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

...../-

:6:

15. The Borrower undertakes to indemnify and keep REC saved, defended, unharmed and indemnified against all costs and consequences arising as a result of any act of omission or commission on the part of the Borrower.

16. The Borrower agrees that notwithstanding any other remedy available to REC, these presents create a security interest in REC and REC shall have the prerogative to exercise its rights under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

17. Parties hereto have expressly understood that only the ¹Courts at Delhi shall have exclusive jurisdiction over all matters arising out of or relating to this Agreement.

IN WITNESS WHEREOF the parties hereto have executed these presents on the day, month and year first here-in-above written.

SIGNED AND DELIVERED

SIGNED SEALED AND DELIVERED

By _____ By _____
 on behalf of RURAL ELECTRIFICATION CORPORATION LIMITED on behalf of _____ Electricity Board.

In the presence of _____

1.
2.

In the presence of _____

1.
2.

*since all the disbursements are made at Delhi and the repayments are received in Corporate Office Delhi, substantial cause of action arises in Delhi, so the jurisdiction over the matter shall fall within the jurisdiction in the Courts at Delhi.

..../-

:7:

In the presence of.....

In the presence

Witnesses

1.

1.

2.

2.

Annexure-A

Details of the Project

Annexure – B

(Sanction Letter)

(EM-I)**ENGLISH MORTGAGE-PARI PASSU CHARGE)**

This deed of mortgage executed at _____ on the _____ day
of _____ 200 ____.

BETWEEN

* _____ [Please insert the name of the Borrower Company],
a Company incorporated under the Companies Act, 1956 having its Registered Office
at _____ * (hereinafter referred to as the 'Mortgagor', which
expression shall unless repugnant to the context or meaning thereof be deemed to
include its successors and permitted assigns) of the ONE PART.

AND

_____, a Company incorporated under the Companies Act, 1956,
having its Registered office at _____ (hereinafter referred to as the 'Mortgagee of
the FIRST PART', which expression shall unless repugnant to the context or meaning
thereof be deemed to include its successors and permitted assigns).

AND

_____, a Company incorporated under the Companies Act, 1956,
having its registered office at _____ (hereinafter referred to as 'Mortgagee of
the SECOND PART, which expression shall unless repugnant to the context or
meaning thereof be deemed to include its successors and permitted assigns).

***In case of SEBs**

_____ **Electricity Board constituted under section 5 (i) of the
Electricity Supply Act, 1948 having its Head Office _____.**

...../-

:2:

AND

Rural Electrification Corporation Limited (through its Project Office at _____), a Company incorporated under the Companies Act, 1956, having its Registered Office at Core – 4 SCOPE Complex, 7, Lodi Road, New Delhi – 110 003, (REC) (hereinafter referred to as ‘Mortgagee of the THIRD PART, which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns).

The Mortgagees of the FIRST PART, SECOND PART and THIRD PART shall collectively be referred to as the ‘CONSORTIUM LENDERS’ led by the Mortgagee of the FIRST PART, hereinafter referred to as the ‘LEAD MORTGAGEE’

Lead Mortgagee and Mortgagor collectively referred to as ‘Parties’ and singularly as a ‘Party’

WHEREAS

1.The Mortgagor is seized and possessed of or otherwise well and sufficiently entitled to all and singular pieces or parcels of lands, hereditaments and premises and more particularly described in the First Schedule hereunder written (hereinafter collectively referred to as the ‘Mortgaged Property’).

2.In pursuance to an Inter- Creditors Agreement dated _____, the Consortium Lenders have appointed the Mortgagee of the FIRST PART as the Lead Mortgagee, and together have sanctioned Term Loans upto the amount of Rs. _____ (the “Loans”), details whereof are more particularly described in the Second Schedule attached hereto and forming part of this Deed. (Give Sanction Letter details against each Lender’s Loan).

..../-

:3:

3. In pursuance of the sanctioned Loans, the Parties have executed a Loan Agreement dated _____, 200_____ (hereinafter referred to as 'Joint Loan Agreement').

4. In terms of the Joint Loan Agreement, the Mortgagor has agreed to create an English Mortgage on the Mortgaged Property, by way of first charge ranking pari passu, in favour of all the Consortium Lenders, as per the terms and conditions contained hereinafter.

NOW THIS INDENTURE WITNESSETH AS FOLLOWS:

1. In consideration of the Loans for the purpose aforesaid and in consideration of the terms and conditions mentioned in Joint Loan Agreement, the Mortgagor hereby transfers absolutely with possession to the Consortium Lenders, the Mortgaged Property, by way of first charge ranking pari – passu among the Consortium Lenders to secure the repayment of the Loans along with interest, other charges, expenses and other monies due in respect thereof as per the terms and conditions laid down in the Joint Loan Agreement. That the Consortium Lenders agree that the Mortgagor shall remain in possession of the Mortgaged Property in the manner hereinafter appearing.

2. That on full and final settlement of the Installment(s) as per the terms and conditions laid down in the Joint Loan Agreement the Consortium Lenders shall re-transfer the Mortgaged Property to the Mortgagor and shall also deliver to the Mortgagor, this Mortgage deed and other documents relating to the Mortgaged Property which are in the possession of the Consortium Lenders pursuant to this Mortgage deed.

3. The Mortgagor covenants with the Consortium Lenders that it is the absolute owner of the Mortgaged Property and the Mortgaged Property is free from all kinds of encumbrances or charge.

..../-

:4:

4.The Mortgagor further covenants with the Consortium Lenders that, it shall keep the Mortgaged Property free from all encumbrances during the subsistence of this deed and shall not deliver possession of the Mortgaged Property to any other person. Any transfer of such right shall be deemed to be void as against the interest of the Consortium Lenders.

5.The Mortgagor undertakes to insure and keep insured the Mortgaged Property at its own expense. The insurance shall be duly assigned to mortgagees from time to time.

6.The Mortgagor covenants with the Consortium Lenders on agreeing to hold the Mortgaged Property as an agent of the Consortium Lenders, he shall from time to time and at all times during the continuance of this security keep the Mortgaged Property in a good and substantial state of repairs and shall pay all the Government and Municipal revenue, ground rents, rates, rents and taxes, assessments dues and duties and all charges of a public nature including those (if any) in arrears payable in respect of the Mortgaged Property immediately they shall become due.

7.The Mortgagor covenants with the Consortium Lenders that in case of default in complying with its obligations hereunder, the Consortium Lenders or any of them shall have a right to recall the entire outstanding Loans, and/or to enter into and take possession of the Mortgaged Property held by the Mortgagor as an agent of the Consortium Lenders and hold and enjoy the rents and profits received therefrom without any interruption of the Mortgagor or any person claiming through or under it and or may invoke its right of sale of the Mortgaged Property without reference to a Hon'ble Court and appropriate the sale proceeds to recover the outstanding amount in addition to the cost incurred by it, incidental to the sale and shall hold the residue from such sale proceeds, if any, for payment to the Mortgagor. In such an event the Mortgagor shall forego the right of re-conveyance of title.

..../-

:5:

8.The Mortgagor undertakes not to create any further charge or encumber the Mortgaged Property in favour of any other person except with the prior written approval of the Consortium Lenders.

9.The Mortgagor concurs with the Consortium Lenders in making any modifications in these presents which in the opinion of the Consortium Lenders shall be expedient to make, provided that once a modification has been approved by the Consortium Lenders, shall give effect to the same by executing necessary Deed(s) supplemental to these presents.

10.The Mortgagor agrees that the Consortium Lenders or any of them shall, notwithstanding any other remedy available to any of them, have recourse to the rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

11.The Mortgagor shall pay all costs, charges (including stamp duty and registration charges) and expenses and all taxes, duties and penalties, if any, as may be required to be paid under the applicable law with respect to these presents and the creation of any security in favour of the Consortium Lenders and on any supplemental deeds.

12.The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions , Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

IN WITNESS WHEREOF the Mortgagor and the Consortium Lenders aforementioned have executed this deed in the terms and conditions mentioned above under Common Seal of the Mortgagor.

..../-

For and on behalf of the Mortgagor For and on behalf of Consortium Lenders (Each Consortium Lender to sign separately)

Signature: Signature

Name: Name:

Designation: Designation:

Witness: Witness:

Signature: Signature:

Name: Name:

Designation: Designation:

First Schedule
(Details of Immovable Property)

Second Schedule

(Details of Loan Amount and Sanction Letters of the Consortium Lenders)

(EM-2)

ENGLISH MORTGAGE-EXCLUSIVE CHARGE

This deed of mortgage executed at _____ on the _____ day of _____ 200____.

BETWEEN

* _____ [Pleases insert the name of the Borrower Company], a Company incorporated under the Companies Act, 1956 having its Registered Office at _____ * (hereinafter referred to as the 'Mortgagor', which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) of the ONE PART.

AND

Rural Electrification Corporation Limited (through its Project Office at _____), a Company incorporated under the Companies Act, 1956, having its Registered office at Core – 4, SCOPE Complex, 7, Lodi Road, New Delhi – 110 003, (REC) (hereinafter referred to as the 'Mortgagee', which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) on the OTHER PART.

Mortgagee and Mortgagor collectively referred to as 'Parties' and singularly as 'Party'.

***In case of SEBs**

_____ Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948 having its Head Office _____.

.../-

:2:

WHEREAS

1.The Mortgagor is seized and possessed of or otherwise well and sufficiently entitled to all and singular pieces or parcels of lands, hereditaments and premises and more particularly described in the First Schedule hereunder written (hereinafter collectively referred to as the 'Mortgaged Property').

2.The Mortgagor has been sanctioned Term Loan of Rs. _____ (Rupees _____ only) for the purpose of _____ by the Mortgagee vide its sanction letter dated _____ pursuant to which the Parties have executed a Loan Agreement dated _____, 200 _____ (hereinafter referred to as 'Loan Agreement')

NOW THIS INDENTURE WITNESSETH AS FOLLOWS:

1.In consideration of the payment of Rs. _____ (Rupees _____ only) as Term Loan by the Mortgagee for the purpose aforesaid and in consideration of the terms and conditions mentioned in Loan Agreement, the Mortgagor hereby covenants with the Mortgagee to repay the amount of Rs. _____ (Rupees _____ only) along with interest, other charges, expenses and other monies due in respect thereof (hereinafter referred to as 'Installment') as per the terms and conditions laid down in the Loan Agreement.

..../-

:3:

2. One of the terms of the Loan Agreement is that the repayment of the principal amount along with interest, penal interest, other charges, expenses and other monies due in respect thereof payable by the Mortgagor in respect of the Term Loan, the Mortgagor hereby covenants with the Mortgagee to transfer, to the

Mortgagee all the property and more particularly described in the First Schedule hereunder written and TO HOLD the same in favour of the Mortgagee absolutely.

3. Provided that the Mortgagor has not given the possession of the Mortgaged Property to the Mortgagee and hereby declares and covenants with the Mortgagee to hold all the Mortgaged Property in favour of the Mortgagee until enforcement of the security under these presents.

4. That on full and final settlement of the Installment(s) as per the terms and conditions laid down in the Loan Agreement the Mortgagee shall re-transfer the Mortgaged Property to the Mortgagor and shall also deliver to the Mortgagor, this Mortgage deed and other documents relating to the mortgaged property which are in the possession of the Mortgagee pursuant to this Mortgage deed.

5. The Mortgagor covenants with the Mortgagee that he is the absolute owner of the Mortgaged Property and the Mortgaged Property is free from all kinds of encumbrances or charge.

6. The Mortgagor further covenants with the Mortgagee that, he shall keep the Mortgaged Property free from all encumbrances during the subsistence of this deed and shall not deliver possession of the Mortgaged Property to any other encumbrancer. Any transfer of such right shall be deemed to be void as against the interest of the Mortgagee. Mortgagor shall keep the Mortgaged property insured at all times during the subsistence of this Agreement failing which the Mortgagee shall do so at the expense of the Mortgagor.

...../-

:4:

7.The Mortgagor covenants with the Mortgagee on agreeing to hold the Mortgaged property as an agent of the Mortgagee, he shall from time to time and at all times during the continuance of this security keep the Mortgaged Property in a good and substantial state of repairs and shall pay all the government and Municipal revenue, ground rents, rates, rents and taxes, assessments dues and duties and all charges of a public nature including those (if any) in arrears payable in respect of the Mortgaged Property immediately they shall become due.

8.The Mortgagor covenants with the Mortgagee that in case of a default on the part of the Mortgagor to pay any Installment, the Mortgagee shall have a right to call the entire outstanding Installment(s) and or to enter into and take possession of the Mortgaged Property and hold and enjoy the rents and profits received therefrom by without any interruption of the Mortgagor or any person claiming through or under him and or may invoke his right of sale of the Mortgaged Property without reference to a Hon'ble Court and appropriate the sale proceeds to recover the outstanding amount in addition to the cost incurred by him, incidental to the sale and shall hold the residue from such sale proceeds, if any, for payment to the Mortgagor.

9.The Mortgagee shall concur with the Mortgagor in making any modifications in these presents which in the opinion of the Mortgagee shall be expedient to make, provided that once a modification has been approved by consent in writing of the Mortgagor the Mortgagee shall give effect to the same by executing necessary Deed(s) supplemental to these presents.

10.The Mortgagor shall pay all costs, charges (including stamp duty and registration charges) and expenses and all taxes, duties and penalties, if any, as may be required to be paid under the applicable law with respect to these presents and the creation of any security in favour of the Mortgagee and on any supplemental deeds.

.../-

:5:

11. In the event the Mortgagor fails to discharge his obligation(s) under this Agreement/Deed, the same shall be an event of default and the Mortgagee shall have the right to re-call the entire outstanding Loan amount along with interest, penal interest, expenses and other charges, if any in terms of the Loan Agreement.

12. The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions, Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

IN WITNESS WHEREOF the Mortgagor and the Mortgagee aforementioned have executed this deed in the terms and conditions mentioned above under the Common Seal of the Company (IN CASE OF A COMPANY) / (IN ANY OTHER CASE UNDER ITS RUBBER STAMP) .

For and on behalf of the Mortgagor

Signature:

Name:

Designation:

Witness:

Signature:

Name:

Designation:

For and on behalf of Mortgagee

Signature

Name:

Designation:

Witness:

Signature:

Name:

Designation:

First Schedule

(Details of Immovable Property and value thereof)

(EM-3)

(EQUITABLE MORTGAGE – PARI-PASSU CHARGE)**MEMORANDUM OF ENTRY****NO:** _____

1. On the _____ day of _____, 200_____ Shri. _____ [please enter the name of the Officer/Director/Company Secretary as the case may be] of _____ [please enter the name of the borrower company] (hereinafter referred to as the 'Borrower')* a Company incorporated under the Companies Act, 1956 bearing Certificate of Incorporation No: _____ and having its Registered Office at _____ * visited the office of Rural Electrification Corporation Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at Core 4, SCOPE Complex, Lodi Road, New Delhi – 110 003, (REC) (hereinafter referred to as the 'Lender') and Project Office at _____ and met Shri. _____ [please enter the name of the Officer of Lender Company authorized in this behalf].

***In case of SEBs**

_____ Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948 having its Head Office _____.

...../-

2. The aforementioned Officer/Director/Company Secretary [strike off whichever is not applicable] of the Borrower stated that the documents of title, evidences, deeds and writings more particularly described in the First Schedule hereunder written (the 'Title Deeds') in respect of all immovable properties of the Company, situated at _____, in the State of _____ (hereinafter referred to as 'Properties'), more particularly described in the Second Schedule hereunder were deposited on _____ the _____ day of _____, 200____ [if deposited on more than one occasion then the details thereof] with _____ [please insert the name of the lender (s)] as Lead Financial Institution / Bank acting for itself and as a agent of :

- a) _____ [please insert the name of the Financial Institution, from where the borrower has availed of loan/financial assistance].
- b) _____ [please insert the name of the Financial Institution, from where the borrower has availed of loan/financial assistance]
- c) _____ [please insert the name of the Financial Institution, from where the borrower has availed of loan/financial assistance]

[hereinafter collectively referred to as 'the Lenders') in order to create security by way of joint mortgage by deposit of Title Deeds mentioned in the First Schedule, on the Borrower Properties mentioned in the Second Schedule together with any buildings, hereditaments, constructed, thereon or to be constructed for securing the due repayment, discharge and redemption by the Borrower to the aforesaid Lenders in respect of the following loans:-

[Please insert the name of the aforementioned institution(s) together with the amount of the loan availed from such institution and the details for which such facility was availed say for e.g implementation of Project _____ or as the case may be]

.../-

3.The aforementioned Officer/Director/Company Secretary [strike off whichever is not applicable] of the Borrower, further stated that the Title Deeds in respect of all Properties of the Borrower, situated at _____ were deposited on the _____ day of _____, 200_____ by constructive delivery on _____ with _____ [please enter the name of the Financial Institution (s) / Bank (s)] to create an equitable mortgage ranking pari passu with the existing Lenders as security by way of joint mortgage by deposit of Title Deeds on the Properties together with buildings, hereditaments, plant and machinery and any other equipments forming part of land, constructed, erected or installed thereon or to be constructed, erected or installed thereon, for securing the due repayment, discharge and redemption by the Borrowers to the aforesaid Lenders.

4.The aforementioned Officer/Director/Company Secretary [strike off whichever is not applicable] of the Borrower on _____ [please insert the date] accorded and gave constructive delivery on behalf of the Borrower to Shri _____ [please insert the name of the Officer of REC] of REC [please insert the name of the above mentioned financial institution] to constructively hold and retain the said title deeds by way of equitable mortgage on the said Properties of the Borrower together with all buildings, hereditaments, as security ranking pari passu with the existing Lenders for the due repayment, discharge and redemption by the Borrower to REC for the Term Loan of Rs. _____ together with interest, penal interest and other charges payable by the Borrower under the Loan Agreement dated _____ .

.../-

5. Whilst giving such constructive delivery of the Title Deeds on behalf of the Borrower Shri _____ [please insert the name of the above named officer of the Borrower Company] stated that he did so in his capacity as _____ [please enter designation] of the Borrower with the intent to create security to ranking pari passu with the existing Lenders on the said Properties as aforesaid and has been duly authorised by the Board of Directors of the Borrower vide their resolution passed at their meeting held on _____ [please insert the date of the meeting of the Board of Directors, wherein Shri _____ has been given such authority] and produced a certified true copy of the resolution and further stated that the said resolution is in full force and effect.

6. The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions, Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

7. Shri _____ [please insert the name of the officer of the Borrower] on behalf of the Borrower handed over the No Objection Certificates ('NOC') received from other Lenders for creation of equitable mortgage in favour of REC ranking pari-passu with the existing Lenders.

8. The said constructive delivery was given by Shri _____ [please insert the name of the above named officer of the Borrower] to Shri _____ [please insert the name of the officer of REC above named] in the presence of Shri _____ [please insert the name of the Officer of the REC].

...../-

FIRST SCHEDULE – PART – I

(List of Title Deeds)

SECOND SCHEDULE – PART – I

(Description of Immovable Properties and value thereof)

Dated this the _____ day of _____ 200__.

For Rural Electrification Corporation Limited

For Borrower

Signature :

Signature :

Name :

Name :

Designation :

Designation :

Witness

Witness

Signature :

Signature:

Name :

Name:

Designation :

Designation:

(EM-4)

(EQUITABLE MORTGAGE- EXCLUSIVE CHARGE)**MEMORANDUM OF ENTRY****NO: _____**

1. Shri _____, Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary of [strike off, whichever is not applicable] of* _____ (hereinafter referred to as the 'Borrower'), a company incorporated under the Companies Act, 1956 bearing certificate of incorporation no _____ and having its registered office at _____* attended the office of Rural Electrification Corporation Limited, a Company incorporated under the Companies Act, 1956 having its Registered Office at Core -4, SCOPE COMPLEX, Lodi Road, New Delhi - 110 003 and Project Office at _____ (hereinafter referred to as 'REC') on the _____ day of _____ 200__ and delivered to and deposited with Shri _____, [Please insert the designation of the officer of REC] the documents of title described in the First Schedule hereunder written, by way of mortgage by deposit of title deeds in favour of REC in respect of the [Please insert short description of the details of the properties mortgaged] the particulars whereof are given in the Second Schedule hereunder written, the properties (hereinafter collectively referred to as the 'Properties').

***In case of SEBs**

_____ Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948 having its Head Office _____.

...../-

:2:

2.While depositing the said title deeds Shri _____ , Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary of [strike off, whichever is not applicable] the Borrower, stated that he / they is / are [strike off, whichever is not applicable] doing so in his / their capacity as _____ of the Borrower, pursuant to a resolution passed by the Board of Directors at their meeting held on _____, with intent to create security by way of mortgage by deposit of title deeds in favour of REC on the said properties together with all buildings, hereditaments, plant and machinery and or other equipments attached, installed, erected or to be attached, installed or erected on the earth to secure the sum of Rs. _____ advanced by REC, pursuant to the Loan Agreement, dated _____ as executed between the said REC and the Borrower, together with interest, penal interest and other charges payable by the Borrower under the said Loan Agreement.

3.Shri _____ , Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary [strike off, whichever is not applicable] of the Borrower, stated that he / they is / are [strike off, whichever is not applicable] authorised to create a mortgage as aforesaid by the resolution passed by the Board of Directors at their meeting held on _____ and a certified true copy of the said Board Resolution was duly handed over.

4.Shri _____ , Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary [strike off, whichever is not applicable] of the Borrower, assured and declared that the documents of title so deposited were the only documents of title relating to the said Properties in the custody and possession of the Borrower.

...../-

:3:

5. Shri _____ , Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary [strike off, whichever is not applicable] of the Borrower, declared that the Borrower, has a clear and marketable title to the said Properties and that the Borrower, was seized and possessed of and otherwise well and sufficiently entitled to the said Properties.

6. Shri _____ , Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary [strike off, whichever is not applicable] of the Borrower confirmed that there was no mortgage, charge or lien or statutory tenancy or other encumbrances or attachment on the said Properties or any part thereof in favour of any person, firm, company, corporation, society or any Government and that the Borrower, has not entered into any agreement for sale, transfer or alienation of the said Properties or any part thereof.

7. Shri _____ [Please insert the name and designation of Officer of REC, as named above], accepted the deposit of title deeds made by Shri _____ , Shri _____ and Shri _____ Director / Managing Director and Shri _____ Company Secretary of [strike off, whichever is not applicable] the Borrower, in the presence of Shri _____ , Shri _____ and Shri _____ officers of the REC [Please insert the name and designation of such officers].

...../-

8.The foregoing was read over to Shri _____, Shri _____ and Shri_____ officers of REC [as named above], who were present at the time of creation of the equitable mortgage by deposit of title deeds and the said Shri _____, Shri _____ and Shri _____ [as named above] confirmed the same.

9.The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions , Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

First Schedule

[Please insert the details of the title deeds]

Second Schedule

[Please insert the Short particulars of immovable properties and value thereof]

Dated ----- at ----- this day of -----, 200-----.

(Signature)

(Name of Officer of REC who has accepted the deed of title deposits)

(Designation)

RURAL ELECTRIFICATION CORPORATION LIMITED

-----.

(SM-1)

(SIMPLE MORTGAGE-PARI PASSU CHARGE)

This deed of mortgage executed at _____ on the _____ day of _____ 200 ____.

BETWEEN

_____ [Pleases insert the name of the Borrower Company],
 a* Company incorporated under the Companies Act, 1956 having its Registered Office at _____ * (hereinafter referred to as the 'Mortgagor', which _expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) of the ONE PART.

AND

Rural Electrification Corporation Limited, through its Project Office situated at _____, a Company incorporated under the Companies Act, 1956, having its Registered office at Core – 4, SCOPE Complex, 7,Lodi Road, New Delhi – 110 003, (REC) (hereinafter referred to as the 'Mortgagee', which _expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) on the OTHER PART.

Mortgagee and Mortgagor collectively referred to as 'Parties' and singularly as 'Party'.

***In case of SEBs**

_____ **Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948 having its Head Office _____.**

...../-

:2:

WHEREAS

1.The Mortgagor has been sanctioned Term Loan of Rs._____ (Rupees_____ only) (hereinafter the “Loan”) for the purpose of _____ by the Mortgagee vide its sanction letter dated _____ pursuant to which the Parties have executed a Loan Agreement dated _____, 200 _____ (hereinafter referred to as ‘Loan Agreement’).

2.One of the terms of the Loan Agreement is that the repayment of the principal amount alongwith interest, other charges, expenses and other monies due in respect thereof payable by the Mortgagor in respect of the Term Loan will be secured by a mortgage in favour of the Mortgagee of and over the Mortgagor’s land, buildings, premises constructed and situated at _____ in the State of _____ more particularly described in the First Schedule hereunder written (hereinafter referred to as the ‘Mortgaged Property’).

3.The Mortgaged Property is the subject of prior charge(s) created in respect of existing lenders (the “Lenders”) and to the extent detailed in the Second Schedule hereunder which forms part of this Deed.

4.The Mortgagee has agreed to sanction the Loan subject to the Mortgagor creating a first charge ranking pari-passu with the existing Lenders for the amount of the Loan.

5.The Mortgagor has obtained No Objection Letters from the Lenders for creation of a first pari-passu charge on the Mortgaged Property in favour of the Mortgagee, copies of which have been furnished to the Mortgagee.

6.The Mortgagor is absolutely seized and possessed of or otherwise well and sufficiently entitled to the land, buildings, premises constructed on the Mortgaged Property.

..../-

:3:

NOW THIS INDENTURE WITNESSETH AS FOLLOWS:

In pursuance of the Loan Agreement and in consideration of the Loan of Rs. _____ (Rupees _____ only) granted by the Mortgagee to the Mortgagor, the Mortgagor hereby covenants with the Mortgagee that he shall pay on the due dates mentioned in the Loan Agreement, the said sum of Rs. _____ (Rupees _____ only) with interest, penal interest, other charges, expenses and other monies due in respect thereof from the date of these presents till the repayment of the said sum in full as per the Loan Agreement.

AND THIS INDENTURE FURTHER WITNESSETH:

That in consideration of a sum of Rs _____ (Rupees _____ only) to be advanced by the Mortgagee by way of Term Loan to the said Mortgagor, on the terms and conditions mentioned in the Loan Agreement, the said Mortgagor mortgages and transfers, by way of first charge ranking pari-passu with the existing Lenders, without possession, all the Mortgaged Property aforementioned and transferred the interest in the said Mortgaged Property so mortgaged unto the said Mortgagee to hold the Mortgaged Property as security for the repayment of the Loan of Rs. _____ (Rupees _____ only) with interest, penal interest and other charges, expenses and other monies due and payable under the Loan Agreement until repayment and realisation in full.

AND IT IS HEREBY AGREED AND DECLARED that if the Mortgagor does not pay the said Loan amount as aforesaid, when shall become due and payable under these presents, the Mortgagee shall be entitled to sell or cause to sell the said Immovable Property through a competent Court and to realise and receive the aforesaid amount of Loan alongwith interest, penal interest and other charges payable under the Loan Agreement, out of the sale proceeds of the Mortgaged Property.

..../-

:4:

AND IT IS FURTHER DECLARED by the Mortgagor that the Mortgaged Property is the subject to the charges declared under this Deed and there are no other charges or encumbrances created in respect of the Mortgaged Property, and undertakes not to create any other charge or encumbrance in respect thereof without the prior written consent of the Mortgagee.

AND IT IS FURTHER AGREED AND DECLARED by the Mortgagor that during the period, the Loan amount is not paid and the said Mortgaged Property remains as a security for the mortgage amount, the Mortgagor shall insure and keep insured the said Mortgaged Property and take out an insurance policy in the name of the Mortgagor duly assigned in favour of the Mortgagees and keep the said policy in full force and effect by timely paying the premium amount thereon and in case of default by the Mortgagor to insure the said Mortgaged Property, it shall be deemed as a breach of terms of these presents.

AND IT IS FURTHER AGREED THAT the Mortgagor can grant lease of the aforesaid Mortgaged Property only with the prior consent of the Mortgagee in writing.

AND IT IS FURTHER AGREED AND DECLARED by the Mortgagor that in the event the Mortgagor fails to fulfil any of its obligations hereunder, the same shall be treated as an event of default by the Mortgagor entitling the Mortgagor to recall the entire outstanding Loan in terms of the Loan Agreement.

AND IT IS FURTHER AGREED BY the Mortgagor that the Mortgagor shall concur with the Mortgagee in making any modifications in these presents which in the opinion of the Mortgagee shall be expedient to make, provided that once a modification has been approved by the Mortgagee, the Mortgagor shall give effect to the same by executing necessary Deed(s) supplemental to these presents.

.../-

:5:

AND IT IS FURTHER AGREED BY the Mortgagor that the Mortgagee shall, notwithstanding any other remedy available under any other law in force, have recourse to its rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

AND IT IS FURTHER AGREED BY the Mortgagor that the cost relating to the stamp duty, registration charges and other out of pocket expenses for the execution and registration of this deed and any supplemental deed aforementioned shall be borne by him.

AND IT IS FURTHER AGREED BY the Mortgagor that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any financial institutions, banks and or to any Authorities or Agency for the purpose of re-financing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information executing documents etc., in connection therewith.

IN WITNESS WHEREOF the Mortgagor and the Mortgagee aforementioned have executed this deed in the terms and conditions mentioned above under the Common Seal of the Mortgagor.

FIRST SCHEDULE

(Details of Immovable Property and value thereof)

SECOND SCHEDULE

Details of Existing Charges created on the Mortgaged Property.

...../-

:6:

For and on behalf of the Mortgagor For and on behalf of Mortgagee

Signature:

Signature

Name:

Name:

Designation:

Designation:

Witness:

Witness:

Signature:

Signature:

Name:

Name:

Designation:

Designation:

(SM-2)

(SIMPLE MORTGAGE-EXCLUSIVE CHARGE)

This deed of mortgage executed at _____ on the _____ day of _____ 200____.

BETWEEN

* _____ [Please insert the name of the Borrower Company], a Company incorporated under the Companies Act, 1956 having its Registered Office at _____* (hereinafter referred to as the 'Mortgagor', which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) of the ONE PART.

AND

Rural Electrification Corporation Limited, through its Project Office situated at _____, a Company incorporated under the Companies Act, 1956, having its Registered Office at Core – 4, SCOPE Complex, 7, Lodi Road, New Delhi – 110 003, (REC) (hereinafter referred to as the 'Mortgagee', which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) of the OTHER PART.

Mortgagee and Mortgagor collectively referred to as 'Parties' and singularly as 'Party'.

***In case of SEB**

_____ State Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948, having its Head Office at _____.

...../-

:2:

WHEREAS

1.The Mortgagor has been sanctioned Term Loan of Rs. _____ (Rupees _____ only) for the purpose of _____ by the Mortgagee vide its sanction letter dated _____ pursuant to which the Parties have executed a Loan Agreement dated _____, 200 _____ (hereinafter referred to as 'Loan Agreement')

2.One of the terms of the Loan Agreement is that the repayment of the principal amount alongwith interest, other charges, expenses and other monies due in respect thereof payable by the Mortgagor in respect of the Term Loan will be secured by a mortgage in favour of the Mortgagee of and over the Mortgagor's land, buildings, premises constructed and situated at _____ in the State of _____ more particularly described in the First Schedule hereunder written (hereinafter referred to as the 'Mortgaged Property').

3.The Mortgagor is absolutely seized and possessed of or otherwise well and sufficiently entitled to the land, buildings, premises constructed on the Mortgaged Property.

NOW THIS INDENTURE WITNESSETH AS FOLLOWS:

In pursuance of the Loan Agreement and in consideration of the Term Loan of Rs. _____ (Rupees _____ only) granted by the Mortgagee to the Mortgagor, the Mortgagor hereby covenants with the Mortgagee that he shall pay on the due dates mentioned in the Loan Agreement, the said sum of Rs. _____ (Rupees _____ only) with interest, penal interest, other charges, expenses and other monies due in respect thereof from the date of these presents till the repayment of the said sum in full as per the Loan Agreement.

.../-

:3:

AND THIS INDENTURE FURTHER WITNESSETH :

That in consideration of a sum of Rs _____ (Rupees _____ only) to be advanced by the Mortgagee by way of Term Loan to the said Mortgagor, on the terms and conditions mentioned in the Loan Agreement, the said Mortgagor has mortgaged by way of simple mortgage without possession all the Mortgaged Property aforementioned and transferred the interest in the said Mortgaged Property so mortgaged unto the said Mortgagee to hold the Mortgaged Property as security for the repayment of the said sum of Rs. _____ (Rupees _____ only) with interest, penal interest, other charges, expenses and other monies as per Loan Agreement due in respect thereof from the date of this deed until repayment or realisation in full.

AND IT IS HEREBY AGREED AND DECLARED that if the Mortgagor does not pay the said mortgaged amount as aforesaid, when shall become due and payable under these present, the Mortgagee shall be entitled to sell or cause to sell the said Immovable Property and to realise and receive the aforesaid amount out of the sale proceeds of Immovable Property.

AND IT IS FURTHER AGREED AND DECLARED by the Mortgagor that during the period, the mortgage amount is not paid and the said Mortgaged Property remains as a security for the mortgage amount, the Mortgagor shall comprehensively insure the said Immovable Property and take out an insurance policy in the name of the Mortgagor duly assigned in favour of the Mortgagee and keep the said policy in full force and effect by timely paying the premium amount thereon and in case of default by the Mortgagor to insure the said Mortgaged Property it shall be deemed as a breach of terms of these presents.

AND IT IS FURTHER AGREED THAT the Mortgagor can grant lease of the aforesaid Mortgaged Property with the prior consent of the Mortgagee in writing.

..../-

:4:

AND IT IS FURTHER AGREED BY the Mortgagor that the Mortgagee shall concur with the Mortgagor in making any modifications in these presents which in the opinion of the Mortgagee shall be expedient to make, provided that once a modification has been approved by consent in writing of the Mortgagee ,the Mortgagor shall give effect to the same by executing necessary Deed(s) supplemental to these presents.

AND IT IS FURTHER AGREED BY the Mortgagor that the cost relating to the stamp duty, registration charges and other out of pocket expenses for the execution and registration of this deed and any supplemental deed aforementioned shall be borne by Mortgagor.

AND IT IS FURTHER AGREED BY the Mortgagor that notwithstanding any other remedy available to REC, REC shall have a security interest in respect of these presents and shall have the prerogative to exercise its rights under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

AND IT IS FURTHER AGREED BY the Mortgagor that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any financial institutions, banks and or to any Authorities or Agency for the purpose of re-financing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information executing documents etc., in connection therewith.

THE BORROWE HEREBY REPRESENTS AND WARRANTS AS UNDER:

- i)The Mortgagor shall continue to pay all taxes and liabilities etc. in respect of the mortgaged property.
- ii) The Mortgagor covenants with the Mortgagee that he is the absolute owner of the Mortgaged Property and the Mortgaged Property is free from all kinds of encumbrances or charge.

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- iii) The Mortgagor further covenants with the Mortgagee that, he shall keep the Mortgaged Property free from all encumbrances during the subsistence of this deed and shall not deliver possession of the Mortgaged Property to any other encumbrancer. Any transfer of such right shall be deemed to be void as against the interest of the Mortgagee. Mortgagor shall keep the Mortgaged property insured at all times during the subsistence of this Agreement failing which the Mortgagee shall do so at the expense of the Mortgagor.
- iv) The Mortgagor covenants with the Mortgagee on agreeing to hold the Mortgaged property as an agent of the Mortgagee, he shall from time to time and at all times during the continuance of the security keep the Mortgaged Property in a good and substantial state of repairs and shall pay all the Government and Municipal revenue, ground rate, rates, rent and taxes, assessments dues and duties and all charges of a public nature including those (if any) in arrears payable in respect of the Mortgaged Property immediately they shall become due.

IN WITNESS WHEREOF the Mortgagor and the Mortgagee aforementioned have executed this deed in the terms and conditions mentioned above under the Common Seal of the Company / Board.

FIRST SCHEDULE

(Details of Immovable Property value thereof)

Description	Location	Value
For and on behalf of the Mortgagor		For and on behalf of Mortgagee
Signature:		Signature
Name:		Name:
Designation:		Designation:
Witness:		Witness:
Signature:		Signature:
Name:		Name:
Designation:		Designation:

(HD)

HYPOTHECATION OF ASSETS - STATE UTILITY/SEB

This Agreement is made at _____ on this _____ day of _____ 200_.

BETWEEN

* _____, Company registered under the Companies Act, 1956 and having its Registered Office at _____ *(hereinafter referred to as “the Borrower” which expression shall include its successors and permitted assigns) of the ONE PART”.

AND

Rural Electrification Corporation Limited, a company registered under the Companies Act, 1956 and having its Registered Office at Core – 4, SCOPE Complex, 7 Lodi Road, New Delhi –110 003 and a Project Office at _____ (hereinafter referred to as “REC” which expression shall include its successors and permitted assigns) of the OTHER PART.

REC and the Borrower collectively referred to as “parties” and singularly as a “party”.

***In case of SEB**

_____ State Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948, having its Head Office at _____.

...../-

:2:

WHEREAS the Borrower vide letter dated _____ has sought from REC a Term Loan of Rs. _____ (Rupees _____ only) to be utilized exclusively for the purpose of _____ and has also submitted the Project proposal and Financial projections in connection therewith.

AND WHEREAS REC vide Sanction letter No. _____ dated _____ has sanctioned the Term Loan of Rs. _____ (Rupees _____ only) hereinafter referred to as the "Loan" to the Borrower for _____ on the terms and conditions contained in the said Sanction letter.

AND WHEREAS the Board of Directors of the Borrower has by a resolution dated _____ day of _____ 200_ agreed to accept the said Loan on the said terms.

AND WHEREAS By Loan Agreement dated the _____ day of 200_ entered into between the Borrower and REC (hereinafter referred to as "Loan Agreement") REC has agreed to lend and advance to the Borrower and the Borrower has agreed to borrow from REC a loan to the maximum extent of Rs. _____ (Rupees _____) on the terms and conditions contained in the Loan Agreement.

AND WHEREAS according to one of the conditions of the Loan Agreement the Borrower is required to secure due repayment of the Loan, payment of interest, penal interest and other charges thereon by way of exclusive first charge by hypothecation of movable properties including movable machinery, equipments, machinery, machinery spares, tools, implements and accessories installed (hereinafter referred to as "Movables") and its stock of materials and equipments (hereinafter referred to as "Stocks") adequate to cover the amount of Loan, interest, penal interest and other charges.

AND WHEREAS the Borrower has agreed to hypothecate the existing unencumbered Movables and Stocks/those to be created out of the loan to be sanctioned by REC (hereinafter collectively referred to as "Hypothecated Goods") as detailed in Schedule 'A' Part-I and/or Schedule 'A' Part-II hereto forming part of this Agreement.

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NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. In consideration of REC having granted a Term Loan of Rs. _____ to the Borrower pursuant to the Loan Agreement, the Borrower hereby hypothecates its Movables and Stocks to REC being the unencumbered Hypothecated Goods which now or hereafter from time to time during the continuance of the security to be created, erected/installed and brought into the stores or be in or about the Borrower's land, godowns or premises at _____ or wherever else the same may be (including any such Hypothecated Goods in course of transit or delivery), by way of an exclusive first charge as security for the repayments by the Borrower to REC of the said Loan, interest, penal interest and other charges in the terms of the Loan Agreement.

2. The Borrower undertakes that it shall at all times maintain adequate quantities of the Hypothecated Goods to cover the Loan, interest, penal interest, and other charges payable under the Loan Agreement and in the event of deficiency in such quantity shall immediately inform REC in writing and take steps to forthwith replenish the same. The said Hypothecated Goods shall be kept in good condition by the Borrower at its risk and expense.

3. The Borrower undertakes to insure and keep insured all the Hypothecated Goods at its own expense. REC reserves the right to call for statements and details of the Hypothecated Goods with list of current insurance policies etc. Any failure or default on the part of the Borrower to fulfill the aforesaid obligation to the satisfaction of REC shall amount to an event of default and REC shall have a right to recall the outstanding Loan amount together with interest, other charges and expenses thereon under the Loan Agreement.

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4. In the event of loss or destruction of the Hypothecated Goods, for reasons beyond the reasonable control of the Borrower, the Borrower shall immediately notify REC in writing and take steps to replace the security hereunder created with adequate security to the satisfaction of REC.

5. In the event of any breach of any terms, covenants, obligations stipulated in the Loan Agreement or any default of the Borrower in payment of any monies hereby secured or the performance of any obligation of the Borrower to REC, its Agents, Nominees and Authorised Representatives REC shall have the right to take possession of, seize, recover, receive, appoint receivers, or remove and/or sell by public auction or private contract, dispatch for realization or otherwise dispose or deal with all or any part of the said Hypothecated Goods and enforce, realize, settle, compromise and deal with any rights or claims relating thereto without being bound to exercise any of these powers or being liable for any loss in the exercise thereof and without prejudice to REC's rights and remedies of suit or otherwise. The Borrower hereby agrees to accept REC's accounts of sales and realizations as sufficient proof of the amounts realized and related expenses and to pay on demand by REC any shortfall or deficiency thereby shown provided that REC shall not be in any way liable or responsible for any loss/damage or depreciation that the said Hypothecated Goods may suffer or sustain or any account whatsoever whilst the same are in possession of REC, or by reason or exercise or non-exercise of rights or remedies available to REC as aforesaid and all such loss, damages or depreciation shall be wholly debited to the account of the Borrower. The Borrower may with the approval of REC sell or dispose of any portion of the said Hypothecated Goods from time to time in due course of business provided the margin of the security required by REC is fully maintained and on the terms of payment and delivery to REC of the proceeds thereof or documents therefore immediately on receipt thereof.

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6. REC at any time after the security hereby constituted has become enforceable and whether or not REC shall then have entered into or taken possession and in addition to the powers here-in-before conferred upon REC after such entry into or taking possession of, may have Receiver or Receivers appointed of the said Hypothecated Goods or any part thereof.

7. The said Hypothecated Goods and all sales realization and all documents under this security shall always be kept distinguishable and held as REC's exclusive property specifically appropriated to this security to be dealt with only under the directions of REC and the Borrower shall not create any mortgage, charge, lien, or encumbrance upon or over the same or any part hereof except in favour of REC nor suffer any such mortgage, charge, lien, or encumbrance to affect the same or any part thereof nor do or allow anything that may prejudice this security. In case the Hypothecated Goods are subject to at any time after creation of this security any attachment or distress of any Court of competent jurisdiction, then the Borrower shall immediately inform REC in writing and shall forthwith take steps to release the Hypothecated Goods from such attachment or distress. In the event the Borrower is unable to get the Hypothecated Goods released, then the Borrower shall immediately replace such Hypothecated Goods with alternative security to the satisfaction of REC.

8. This security shall be a continuing security for the repayment of the Loan together with all interest, penal interest, liquidated damages premia etc. on prepayment, redemption or payment of all other monies due to REC under the Loan Agreement and these presents, and shall not affect, impair or discharge the liability of the Borrower by winding up (voluntary or otherwise) or by any merger or amalgamation, restructuring or otherwise of the Borrower with any other company or takeover of the management of the undertaking of the Borrower.

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:6:

9. The Borrower hereby appoints REC as its attorney and authorises REC to act for and in the name of the Borrower to do whatever the REC may be required to do under these presents and generally to use the name of the Borrower in the exercise of all or any of the powers by these presents conferred on REC and the Borrower shall bear the expenses that may be incurred in this regard.

10. That nothing herein shall prejudice any rights or remedies of REC in respect of any present or future security guarantee obligation or decree for any indebtedness or liability of the Borrower to REC.

11. The Borrower represents as under:

(a) That the Borrower is the absolute owner of the existing Movable & Stocks, referred to in Schedule-A hereof, at the sole disposal of the Borrower and free of any prior charge or encumbrance of any nature whatsoever and that all future Movable/Stocks referred to in Schedule-A hereunder shall be likewise the unencumbered absolute and disposable property of the Borrower which shall form part of the Hypothecated Goods as security created hereunder.

(b) That the Borrower shall utilise the Loan exclusively for the implementation of _____.

(c) That the Loan sanctioned by REC to the Borrower is within the borrowing powers of the Borrower in accordance with the laws and by-laws applicable to it and all formalities required by the laws and by-laws and rules regulating the work and conduct of the Borrower in respect of such borrowing have been fully complied with.

12. The Borrower shall furnish to REC, if and when required, such periodical returns of its working and with regard to the utilisation of the amount of the Loan and the progress of the Project as may be required by REC.

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13. The Borrower shall make available for the inspection of REC, if and when required, all its books of account and other books and documents maintained by it and/or required to be maintained by it under any law, by-laws or rules of the Borrower and allow all facilities to REC or any person authorised by it for the purpose of carrying out such inspection. The Borrower agrees and undertakes to follow and give effect to all recommendations regarding standards and specifications of work, economy measures, maintenance of records, utilisation of the loan amount as may be given by REC from time to time.

14. The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by REC at any time during the pendency of this Agreement more fully and effectively securing the monies due and payable or to become due and payable by the Borrower to REC in terms of these presents.

15. REC shall without prejudice to its other rights and remedies be entitled to recall the loan at any time before the due date for repayment thereof, if the Borrower fails to fulfil its obligations under this Agreement, and REC's decision whether a breach of any of the terms of this Agreement has been committed by the Borrower or not shall be final and binding on the Borrower.

16. In the event of default on the part of the Borrower or any breach of the terms and conditions of these presents, the Borrower shall be liable to pay to REC all costs, charges and expenses incurred by REC in connection with the negotiations for the agreement and in respect of the agreement.

17. The Borrower agrees that these presents create a security interest in REC in respect of the Hypothecated Goods and the REC shall have the prerogative to exercise its rights under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

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18. Neither this Agreement nor any of its rights, obligations hereinafter shall be assigned by the Borrower without the prior written consent of REC.

19. No waiver by REC of any breach of this Agreement by the Borrower shall be considered as a waiver of any subsequent breach of the same or any other provision.

20. The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to Banks or Financial Institution(s) and or Agencies for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

21. The Borrower undertakes to indemnify and keep REC saved, defended, unharmed and indemnified against all costs and consequences arising as a result of any act of omission or commission on the part of the Borrower.

22. Parties hereto have expressly understood that only the Courts at Delhi alone shall have exclusive jurisdiction over all matters arising out of or relating to this Agreement.

IN WITNESS whereof the parties have executed these presents on the day, month and year here-in-above written.

SCHEDULE 'A'

Part –I Existing Movables and Stocks to be covered under the Hypothecation Deed.

Particulars/Description of the Movables/Stocks	The Geographical location Circle/Division/Central Store etc.	Value (Rs.)

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:9:

Part – II Description of Movables and Stocks to be created out of the Loan from REC, and to be covered under the Hypothecation Deed.

Particulars/Description of the Movables/Stocks	The Geographical location (Rs.)Circle/Division/Central Store etc.	Estimated value

SIGNED, SEALED AND DELIVERED

By _____ (Common Seal) Witnesses:
On behalf of (name of the Borrower)

By _____ Witnesses:
On behalf of RURAL ELECTRIFICATION CORPORATION LIMITED

GENERAL BODY RESOLUTION (GBR-1)

[BLANKET RESOLUTION given by members specifying the limits and authorizing the Company to borrow in excess of paid-up-capital plus free reserves]

[To be on the Letter Head of the Borrower Company]

CERTIFIED TRUE COPY OF RESOLUTION NO. _____ PASSED AT THE EXTRA ORDINARY GENERAL MEETING / ANNUAL GENERAL MEETING (as the case may be) OF THE MEMBERS OF THE COMPANY HELD ON [PLEASE INSERT THE DATE OF THE MEETING] AT [PLEASE INSERT THE PLACE OF THE MEETING] AT [PLEASE INSERT THE TIME OF THE MEETING].

“RESOLVED THAT pursuant to the provisions contained in the Memorandum and Articles of Association of the Company and any other applicable provisions, if any consent of the members under section 293 (1) (d) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company to borrow from time to time as it may consider fit any sums of money on such terms and conditions as the Board may deem fit notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained in the ordinary course of business) will exceed the aggregate of paid-up-capital plus free reserves so that the total amount of monies so borrowed at any time shall not exceed the sum of Rs. _____ (Rupees _____ only).

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies within the time stipulated under the Companies Act, 1956 and to take all necessary steps to give effect to the above resolution.”

CERTIFIED TRUE COPY

For and on behalf of [Please insert the name of the Borrower Company]

[Name of the Director/ Company Secretary Authorized to sign]

[Designation]

GENERAL BODY RESOLUTION (GBR-2)

[Members Resolution to Mortgage/Hypothecate the properties of the Company- u/s
293(1)(a)]

[To be on the Letter Head of the Borrower Company]

CERTIFIED TRUE COPY OF RESOLUTION NO. _____ PASSED AT THE EXTRA ORDINARY GENERAL MEETING / ANNUAL GENERAL MEETING (as the case may be) OF THE OF THE MEMBERS OF [PLEASE INSERT THE NAME OF THE BORROWER COMPANY] HELD ON [PLEASE INSERT THE DATE OF THE MEETING] AT [PLEASE INSERT THE PLACE OF THE MEETING] AT [PLEASE INSERT THE TIME OF THE MEETING].

“RESOLVED THAT pursuant to the provisions contained in the Memorandum and Articles of Association of the Company and any other provisions applicable, if any, consent of the members under Section 293(1)(a) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company to mortgage / hypothecate its immovable / movable properties in favour of Rural Electrification Corporation Limited (‘REC’), as per the terms and conditions contained in the Sanction Letter received from REC, to secure the due repayment of the Term Loan availed / to be availed from REC along with interest and other charges thereon.

RESOLVED FURTHER THAT Shri _____, Shri _____ and Shri _____ [please insert the name and designation of the officers of the Borrower Company and strike off whichever is not applicable] be and is / are severally authorised to execute, sign necessary agreements, documents, papers under the common seal of the Company in this connection as may be required by REC.

RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies and take all necessary steps to give effect to the above resolution.”

CERTIFIED TRUE COPY

For and on behalf of [please insert the name of the Borrower Company]

[Name of the Director / Company Secretary]
[Designation]

BOARD RESOLUTION (BR-1)

[To be on the Letter Head of the Borrower Company]

CERTIFIED TRUE COPY OF RESOLUTION NO. _____ PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF [PLEASE INSERT THE NAME OF THE BORROWER COMPANY] HELD ON [PLEASE INSERT THE DATE OF THE MEETING] AT [PLEASE INSERT THE PLACE OF THE MEETING] AT [PLEASE INSERT THE TIME OF THE MEETING].

The Chairman informed the Board that arrangements have been entered into with Rural Electrification Corporation Limited (“hereinafter referred to as REC”) for financial assistance for _____ and that REC has by its sanction letter dated _____, 200__ agreed in principle, to grant to the Company Term Loan not exceeding Rs. _____ (Rupees _____ only).

After some discussions, the following resolution was passed:

“RESOLVED

1.THAT pursuant to the provisions contained in Section 292(1)(c) of the Companies Act, 1956 and the provisions contained in the Memorandum and Articles of Association of the Company consent of the Board be and is hereby accorded to the Company to borrow from REC a Term Loan of Rs. _____ (Rupees _____ only) on the terms and conditions contained in the Sanction Letter No. _____ dated _____ (a copy, whereof is duly signed by the Chairman of the Board for the purpose of identification, has been circulated to the Board / placed on the table of the meeting).

2.THAT the Board hereby declares that the Term Loan being availed by the Company is within the Borrowing powers and limits specified in section 293(1)(d) of the Companies Act, 1956.

3.That the Board hereby also declares that necessary approval of the company in a General Body Meeting is available under section 293(1) (a) of the Companies Act, 1956 to Mortgage/Hypothecate its immovable/movable properties in favour of Lender/REC to secure the due repayment of the loan availed/to be availed for the purpose of business of the Company.

.../-

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4.THAT the following Directors and or Officers viz. Shri _____ and Shri _____ be and are hereby authorised jointly to convey to REC acceptance on behalf of the Company of the said offer for financial assistance on the terms and conditions contained in their Sanction Letter aforementioned.

5.THAT the Company do borrow from REC a Term Loan not exceeding Rs _____ (Rupees _____ only) on the terms and conditions set out in the draft of Loan Agreement (“hereinafter referred to as the Agreement”) provided by REC (a copy, whereof is duly signed by the Chairman of the Board for the purpose of identification, has been circulated to the Board / placed on the table of the meeting).

6.THAT the following Directors and Officers viz. Shri _____, _____, _____ and Shri _____ be and hereby are severally authorised to sign, execute such deeds, documents and other writings as may be necessary or required for this purpose by REC on behalf of the Company and carry out such modifications/amendments/alterations therein as may be required and acceptable to REC and finalize the same.

7.THAT the Common Seal of the Company be affixed to the stamped engrossment(s) in duplicate in the presence of any two of the following directors and officers viz. _____ and Shri _____ who shall sign the same in token thereof and Shri..... Secretary/Authorised person who shall sign/countersign the same in token thereof.

8.THAT the Common Seal of the Company be affixed to the stamped endorsement(s) of the Mortgage Deed/ Deed of Hypothecation and to such other documents as may be required to be executed as per the terms and conditions set out in the Agreement under the Common Seal of the Company in favour of REC to secure the aforesaid facilities in the presence of any two of the following Directors or Officers viz. Shri _____, Shri _____, Shri _____, Shri _____ and Shri _____ who shall sign the same in token thereof and Shri..... Secretary/ Authorised person who shall sign/counter sign the same in token thereof.

..../-

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9.THAT Shri _____ and Shri _____, Directors or Officers of the Company be and are hereby severally authorised to accept amendments to such executed Agreements/Deed of Mortgage/Deed of Hypothecation and other documents as and when become necessary and to sign letter(s) of undertakings, declarations, agreements and other papers where the Company may be required to sign for availing of the aforesaid facilities and, if so required, the Common Seal of the Company be affixed thereto in the presence of any of the said Directors or Officers, who shall also sign/counter sign the same in token thereof as required by the Articles of Association of the Company.

10.THAT Shri. _____ and Shri. _____, Directors or officers of the Company be and is hereby authorized to take such actions for registration of the said documents with the Registrar of Companies and the Sub- Registrar under Registration Act, and / or file the particulars of charges with the Registrar of Companies under the Companies Act, 1956 within the stipulated time allowed under the Companies Act, 1956 and to take all necessary steps to give effect to the above resolution.”

CERTIFIED TRUE COPY

For and on behalf of [Please insert the name of the Borrower Company]

[Name of the Director/ Officer Authorized to sign]

[Designation]

(HD)
(for existing assets only)

HYPOTHECATION OF ASSETS - STATE UTILITY/SEB

This Agreement is made at _____ on this _____ day of _____ 200_.

BETWEEN

* _____, Company registered under the Companies Act, 1956 and having its Registered Office at _____ *(hereinafter referred to as “the Borrower” which expression shall include its successors and permitted assigns) of the ONE PART”.

AND

Rural Electrification Corporation Limited, a company registered under the Companies Act, 1956 and having its Registered Office at Core – 4, SCOPE Complex, 7 Lodi Road, New Delhi –110 003 and a Project Office at _____ (hereinafter referred to as “REC” which expression shall include its successors and permitted assigns) of the OTHER PART.

REC and the Borrower collectively referred to as “parties” and singularly as a “party”.

***In case of SEB**

_____ State Electricity Board constituted under section 5 (i) of the Electricity Supply Act, 1948, having its Head Office at _____.

...../-

:2:

WHEREAS the Borrower vide letter dated _____ has sought from REC a Term Loan of Rs. _____ (Rupees _____ only) to be utilized exclusively for the purpose of _____ and has also submitted the Project proposal and Financial projections in connection therewith.

AND WHEREAS REC vide Sanction letter No. _____ dated _____ has sanctioned the Term Loan of Rs. _____ (Rupees _____ only) hereinafter referred to as the "Loan" to the Borrower for _____ on the terms and conditions contained in the said Sanction letter.

AND WHEREAS the Board of Directors of the Borrower has by a resolution dated _____ day of _____ 200_ agreed to accept the said Loan on the said terms.

AND WHEREAS By Loan Agreement dated the _____ day of 200_ entered into between the Borrower and REC (hereinafter referred to as "Loan Agreement") REC has agreed to lend and advance to the Borrower and the Borrower has agreed to borrow from REC a loan to the maximum extent of Rs. _____ (Rupees _____) on the terms and conditions contained in the Loan Agreement.

AND WHEREAS according to one of the conditions of the Loan Agreement the Borrower is required to secure due repayment of the Loan, payment of interest, penal interest and other charges thereon by way of exclusive first charge by hypothecation of movable properties including movable machinery, equipments, machinery, machinery spares, tools, implements and accessories installed (hereinafter referred to as "Movables") adequate to cover the amount of Loan, interest, penal interest and other charges.

AND WHEREAS the Borrower has agreed to hypothecate the existing unencumbered Movables as detailed in Schedule 'A' Part-I hereto forming part of this Agreement.

..../-

:3:

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES
HERETO AS FOLLOWS:

1. In consideration of REC having granted a Term Loan of Rs. _____ to the Borrower pursuant to the Loan Agreement, the Borrower hereby hypothecates its unencumbered Movables to REC which now or hereafter from time to time during the continuance of the security to be created, erected/installed at the premises described in Schedule "A", by way of an exclusive first charge as security for the repayments by the Borrower to REC of the said Loan, interest, penal interest and other charges in the terms of the Loan Agreement.
2. The Borrower undertakes that it shall at all times maintain adequate quantities of the Movables to cover the Loan, interest, penal interest, and other charges payable under the Loan Agreement and in the event of deficiency in such quantity shall immediately inform REC in writing and take steps to forthwith replenish the same. The said Movables shall be maintained in good condition by the Borrower at its risk and expense.
3. The Borrower undertakes to insure and keep insured all the Movables at its own expense. REC reserves the right to call for statements and details of the Movables with list of current insurance policies etc. Any failure or default on the part of the Borrower to fulfill the aforesaid obligation to the satisfaction of REC shall amount to an event of default and REC shall have a right to recall the outstanding Loan amount together with interest, other charges and expenses thereon under the Loan Agreement.

.../-

:4:

4. In the event of loss or destruction of the Movables, for reasons beyond the reasonable control of the Borrower, the Borrower shall immediately notify REC in writing and take steps to replace the security hereunder created with adequate security to the satisfaction of REC.

5. In the event of any breach of any terms, covenants, obligations stipulated in the Loan Agreement or any default of the Borrower in payment of any monies hereby secured or the performance of any obligation of the Borrower to REC, its Agents, Nominees and Authorised Representatives REC shall have the right to take possession of, seize, recover, receive, appoint receivers, or remove and/or sell by public auction or private contract, dispatch for realization or otherwise dispose or deal with all or any part of the said Movables and enforce, realize, settle, compromise and deal with any rights or claims relating thereto without being bound to exercise any of these powers or being liable for any loss in the exercise thereof and without prejudice to REC's rights and remedies of suit or otherwise. The Borrower hereby agrees to accept REC's accounts of sales and realizations as sufficient proof of the amounts realized and related expenses and to pay on demand by REC any shortfall or deficiency thereby shown provided that REC shall not be in any way liable or responsible for any loss/damage or depreciation that the said Movables may suffer or sustain or any account whatsoever whilst the same are in possession of REC, or by reason or exercise or non-exercise of rights or remedies available to REC as aforesaid and all such loss, damages or depreciation shall be wholly debited to the account of the Borrower. The Borrower may with the approval of REC sell or dispose of any portion of the said Movables from time to time in due course of business provided the margin of the security required by REC is fully maintained and on the terms of payment and delivery to REC of the proceeds thereof or documents therefore immediately on receipt thereof.

..../-

:5:

6. REC at any time after the security hereby constituted has become enforceable and whether or not REC shall then have entered into or taken possession and in addition to the powers here-in-before conferred upon REC after such entry into or taking possession of, may have Receiver or Receivers appointed of the said Movables or any part thereof.

7. The said Movables and all sales realization and all documents under this security shall always be kept distinguishable and held as REC's exclusive property specifically appropriated to this security to be dealt with only under the directions of REC and the Borrower shall not create any mortgage, charge, lien, or encumbrance upon or over the same or any part hereof except in favour of REC nor suffer any such mortgage, charge, lien, or encumbrance to affect the same or any part thereof nor do or allow anything that may prejudice this security. In case the Movables are subject to at any time after creation of this security any attachment or distress of any Court of competent jurisdiction, then the Borrower shall immediately inform REC in writing and shall forthwith take steps to release the Movables from such attachment or distress. In the event the Borrower is unable to get the Movables released, then the Borrower shall immediately replace such Movables with alternative security to the satisfaction of REC.

8. This security shall be a continuing security for the repayment of the Loan together with all interest, penal interest, liquidated damages premia etc. on prepayment, redemption or payment of all other monies due to REC under the Loan Agreement and these presents, and shall not affect, impair or discharge the liability of the Borrower by winding up (voluntary or otherwise) or by any merger or amalgamation, restructuring or otherwise of the Borrower with any other company or takeover of the management of the undertaking of the Borrower.

..../-

:6:

9. The Borrower hereby appoints REC as its attorney and authorises REC to act for and in the name of the Borrower to do whatever the REC may be required to do under these presents and generally to use the name of the Borrower in the exercise of all or any of the powers by these presents conferred on REC and the Borrower shall bear the expenses that may be incurred in this regard.

10. That nothing herein shall prejudice any rights or remedies of REC in respect of any present or future security guarantee obligation or decree for any indebtedness or liability of the Borrower to REC.

11. The Borrower represents as under:

(a) That the Borrower is the absolute owner of the existing Movables, referred to in Schedule-A hereof, at the sole disposal of the Borrower and free of any prior charge or encumbrance of any nature whatsoever and that all future Movables referred to in Schedule-A hereunder shall be likewise the unencumbered absolute and disposable property of the Borrower which shall form part of the Movables as security created hereunder.

(b) That the Borrower shall utilise the Loan exclusively for the implementation of _____.

c) That the Loan sanctioned by REC to the Borrower is within the borrowing powers of the Borrower in accordance with the laws and by-laws applicable to it and all formalities required by the laws and by-laws and rules regulating the work and conduct of the Borrower in respect of such borrowing have been fully complied with.

12. The Borrower shall furnish to REC, if and when required, such periodical returns of its working and with regard to the utilisation of the amount of the Loan and the progress of the Project as may be required by REC.

.../-

:7:

13. The Borrower shall make available for the inspection of REC, if and when required, all its books of account and other books and documents maintained by it and/or required to be maintained by it under any law, by-laws or rules of the Borrower and allow all facilities to REC or any person authorised by it for the purpose of carrying out such inspection. The Borrower agrees and undertakes to follow and give effect to all recommendations regarding standards and specifications of work, economy measures, maintenance of records, utilisation of the loan amount as may be given by REC from time to time.

14. The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by REC at any time during the pendency of this Agreement more fully and effectively securing the monies due and payable or to become due and payable by the Borrower to REC in terms of these presents.

15. REC shall without prejudice to its other rights and remedies be entitled to recall the loan at any time before the due date for repayment thereof, if the Borrower fails to fulfil its obligations under this Agreement, and REC's decision whether a breach of any of the terms of this Agreement has been committed by the Borrower or not shall be final and binding on the Borrower.

16. In the event of default on the part of the Borrower or any breach of the terms and conditions of these presents, the Borrower shall be liable to pay to REC all costs, charges and expenses incurred by REC in connection with the negotiations for the agreement and in respect of the agreement.

17. The Borrower agrees that these presents create a security interest in REC in respect of the Hypothecated Goods and the REC shall have the prerogative to exercise its rights under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

.../-

:8:

18. Neither this Agreement nor any of its rights, obligations hereinafter shall be assigned by the Borrower without the prior written consent of REC.

19. No waiver by REC of any breach of this Agreement by the Borrower shall be considered as a waiver of any subsequent breach of the same or any other provision.

20. The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to Banks or Financial Institution(s) and or Agencies for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

21. The Borrower undertakes to indemnify and keep REC saved, defended, unharmed and indemnified against all costs and consequences arising as a result of any act of omission or commission on the part of the Borrower.

22. Parties hereto have expressly understood that only the Courts at Delhi alone shall have exclusive jurisdiction over all matters arising out of or relating to this Agreement.

N WITNESS whereof the parties have executed these presents on the day, month and year here-in-above written.

SCHEDULE 'A'

I

Part –I Existing Movables and Stocks to be covered under the Hypothecation Deed.

Particulars/Description of the Movables/	The Geographical location Circle/Division/Central Store etc.	Value (Rs.)

..../-

:9:

SIGNED, SEALED AND DELIVERED

By _____ (Common Seal)
On behalf of (name of the Borrower)

Witnesses:

By _____
On behalf of RURAL ELECTRIFICATION
CORPORATION LIMITED

Witnesses:

(Agreement State Govt.)

MEMORANDUM OF AGREEMENT

Made the _____ day of _____ 200_ between Rural Electrification Corporation Limited, A Company registered under the Indian Companies Act 1956, having its registered office at Core 4, Scope Complex, 7 Lodi road, New Delhi-110003 and a project office at _____ (hereinafter referred to as the 'REC' which expression shall include its assigns) of the one part and the GOVERNOR OF THE STATE OF _____ (HEREINAFTER CALLED 'THE Borrower' which expression shall include his successors in Office) of the other part.

WHEREAS the Borrower has undertaken a scheme for extension of rural electrification in the District of _____ in the State of _____ (hereinafter referred to as "the said scheme".)

AND WHEREAS the Borrower by its letter dated _____ made an application to the REC for grant of a loan of Rs. _____ lakhs (Rupees _____) to be utilised for implementing the scheme annexing thereto a project report.

AND WHEREAS the REC has agreed to sanction a loan of Rs. _____ lakhs (Rupees _____) to the Borrower for the purposes of the rural electrification project particulars whereof are given in the Schedule hereto on the terms and conditions contained in the Corporation's letter dated the _____ day of month of _____ 200_ to the Borrower conveying sanction of the loan and on the terms and conditions hereunder written:

AND WHEREAS the Borrower has by its letter no. _____ dated _____ has agreed to accept the said loan on the said terms and conditions.

AND WHEREAS according to one of the conditions of the loan, the Borrower is required to provide irrevocable letter of MANDATE authorising the RBI to deduct the loan instalments and interest thereon due to REC from the account of the State Govt. and credit it to REC account in New Delhi.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows;

1. The REC will lend and advance to the Borrower a total sum of Rs. _____ lakhs (Rupees _____ lakhs) on the terms and conditions set out in the REC's said letter dated the _____ day of the _____ and on the terms and conditions herein set out. The said letter shall form part of this agreement as Annexure I as if fully set forth hereunder and all the terms and conditions set out in the said letter will be binding on the Borrower.

..../-

:2:

2. The Borrower shall repay to the REC the amount of the said loan with interest thereon in accordance with the terms and conditions set out in that behalf in the said letter of the REC dated the ____ day of _____. *The Borrower has further agreed to provide the Letter of Mandate in the format prescribed by REC authorising the RBI to deduct the loan instalments and interest thereon due to REC from the account of the State Govt. and credit it to REC account in New Delhi*

3. The Borrower shall implement the scheme set out in the Schedule hereunder written strictly in accordance with the said project report as submitted at the time of the application for grant of the loan and shall also adhere to and comply with all such amendments thereto as are approved by the REC.

4. The Borrower agrees and undertakes to complete the work in the manner and according to the time schedule envisaged in the said Agreement.

5. The Borrower has represented to and assured the REC that the loan applied for and being granted by the REC to the Borrower is within the borrowing powers of the Borrower in accordance with the laws and rules applicable to it and all formalities required by the laws and rules regulating the work and conduct of the Borrower in respect of such borrowing have been fully complied with.

6. In particular the Borrower doth hereby declares that the amount of loan hereby borrowed from the REC is within the limits fixed/*no limit has been fixed by the legislature of the State of ____ under Article 293(1) of the Constitution of India.[**strike off whichever not applicable*]

7. The Borrower shall furnish *and/or cause to be furnished* to the Corporation such periodical returns of its workings and with regard to the utilisation of the amount of the loan and the progress of the scheme as may be required by the REC.

8. The Borrower shall make available *and/or direct the executing agency to make available* for the inspection of the REC all its books of account and other books and documents maintained by it and/or required to be maintained by it under any law, by-laws or rules of the Borrower and allow all facilities to the REC or any persons authorised by it for the purpose of carrying out such inspection. The REC shall have the right to inspect the project and all the books of account, records and documents relating thereto at any time and allow all facilities to the REC or any persons authorised by it for the purpose of carrying out such inspection. The Borrower agrees and undertakes to follow and give effect to all recommendations regarding standards and specifications of work, economy measures, maintenance of records, utilisation of the loan amount as may be given by the REC from time to time.

...../-

:3:

9. The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by the REC at any time during the pendency of this Agreement, more fully and effectively securing the moneys due and payable or to become due and payable by the Borrower to the REC in terms of these presents.

10. The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions, Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

11. The Borrower agrees that notwithstanding any other remedy available to REC, these presents create a security interest in REC and REC shall have the prerogative to exercise its rights under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

12. The REC shall without prejudice to its other rights and remedies be entitled to recall the loan at any time before the due date for repayment thereof, if the Borrower fails to fulfil its obligations under this Agreement and/or in the event of its committing a breach of any of the terms thereof. The decision of the Chairman & Managing Director of the REC as to whether a breach of the terms of this Agreement has been committed by the Borrower or not shall be final and binding on the Borrower.

13. In the event of a default on the part of the Borrower or any breach of the terms and conditions of these presents the Borrower shall be liable to pay to the REC all costs, charges and expenses incurred by the REC in connection with the negotiations for the Agreement and in respect of the Agreement.

...../-

:4:

IN WITNESS whereof the parties have set their hands through their respective subscribing officials at _____ and affixed their official seal on the day, month and year first above written.

SIGNED AND DELIEVERED

By
On behalf of RURAL ELECTRIFICATION
CORPORATION LIMITED

In the presence of.....

SIGNED, SEALED AND DELIVERED

By.....

On behalf of GOVERNOR OF THE STATE OF.....
In the presence of.....

.../-

:5:

SCHEDULE ABOVE REFERRED TO

1. Salient features of the scheme (Distt.....) Rs.....lakhs
2. Total No. of villages proposed to be electrified
3. Total length of H.T. and L.T. Lines:
 (a) H.T. Lineskms
 (b) L.t. Lineskms
4. Total No. of proposed distribution Transformers :
 (a) 100 KVA
 (b) 63 KVA
 (c) 25 KVA
5. Total No. of domestic connections
6. Total No. of commercial connections
7. total No. of L.T. Industrial connections
8. Total No. of Agro-Industrial connections
9. Total No. of Agricultural pumpsets to be energised
10. No of Street lights.
11. Phasing of Expenditure :
- | Year | Amount of Loan
(Rs. In lakhs) |
|------|----------------------------------|
|------|----------------------------------|

*phasing of expenditure and release of amount to be shown as per sanction letter.

FORM OF IRREVOCABLE LETTER OF AUTHORITY TO BE FURNISHED BY THE STATE GOVERNMENT IN FAVOUR OF RESERVE BANK OF INDIA IN CONNECTION WITH LOANS FOR VILLAGE/HAMLET/DALIT BASTIS GRANTED BY RURAL ELECTRIFICATION CORPORATION IN THE STATE OF _____.

PLACE: _____
DATE: _____

The Chief General manager/General Manager,
Reserve Bank of India

Dear Sir,

Re : Recovery of instalments/interest on loans granted by the rural Electrification Corporation to the State Government of _____.

1.The Rural Electrification Corporation Ltd. (hereinafter referred to as REC) at our request has agreed to provide us loan assistance aggregating to Rs.....(Rupees for implementing of projects for Village/Hamlet/Dalit Bastis Electrification in the State _____ as per details indicated in annexure-A hereto.

2.In consideration thereof, we have agreed that RBI will be authorised by us to debit our current account No. _____ with you, the amounts towards repayment of loan with interest due thereon and other charges on due dates, and remit the same to REC in such manner as they may require.

3.Accordingly, we hereby authorise and request you to deduct and debit our aforesaid Current account and remit the loan instalments, interest thereon & other charges due and payable to REC as may be specified by REC in its request and pay the same to REC by credit to their Account at Delhi, as advised by REC.

4.We agree that the fact that REC has approached you in writing for debiting our current account with you shall be conclusive proof that the payment has become due and payable in respect of loan disbursed to us by REC and it shall not be necessary for us to admit the same by means of a separate advice to the RBI/REC.

5. This Letter of Authority shall also be enforceable against any current A/c which may be opened with you by our successors or assigns.

...../-

6. This letter of authority shall not be revoked by us except with the prior concurrence of REC and the RBI may act upon this authority until such time this authority is revoked and a written communication thereof is received by the Chief General Manager/General Manager, Reserve Bank of India.

7. It is clarified that this letter of authority does not countermand or affect in any way the existing authorities on mandates already given by us in respect of other loan facilities given by REC or any other financial institutions or banks in the past and they shall not be deemed to have been substituted by this mandate.

Please acknowledge receipt of this letter and also return the duplicate copy thereof confirmed by you to the Chief project Manager of the Project Office of REC _____.

Yours faithfully,

For and on behalf of the Governor
Of the State of _____

Authorised Official

Confirmation of the RBI on the duplicate copy of the letter of authority:

Returned to REC. the RBI hereby agrees to comply with the requisitions as may be issued by REC from time to time in terms of the above letter of authority.

For Reserve Bank of India

Place:

Date:

AUTHORISED OFFICIAL

ANNEXURE-A**DETAILS OF SCHEMES SANCTIONED**

Sl.No.	Scheme Code	Area of scheme/Distt.	Category	Sanction Letter No.	Date	Amount of Loan
1.	2.	3.	4.	5.		6.

(with Mandate)

TRIPARTITE ESCROW AGREEMENT

This Agreement is made at _____ on this _____ day of _____, 200_.

AMONGST

Rural Electrification Corporation Ltd., having its Registered Office at Core-4, Scope Complex, 7 Lodi Road, New Delhi-110003 with the Project Office at _____ (hereinafter called "Corporation") (which expression shall unless repugnant to subject or context thereof mean and includes its successors and permitted assigns)

AND

The _____², a body constituted as per the requirements of Section 5(1) of Electricity (Supply) Act, 1948 a company registered under the Companies Act, 1956 and having its head office at _____ (hereinafter called "Borrower") (which expression shall unless repugnant to subject or context thereof mean and include its successors and permitted assigns).

AND

_____ Bank, a banking company established under the _____ having its registered office at _____ and its branch office at _____ (herein after referred to as "Escrow Agent", which expression shall unless repugnant to subject or context thereof mean and include its successors and permitted assigns)

AND WHEREAS the Borrower intends to obtain from the Corporation loans aggregating to Rs. _____ for implementation of the schemes, (hereinafter referred to as the "said loans"), there being a separate loan for each of schemes as per Annexure I attached to or forming part of this Escrow Agreement, on terms and conditions, including repayment schedule and rate of interest, as may be agreed to between the Corporation and Borrower and embodied in the respective agreements to be executed between them for the said loans (hereinafter referred to as "Agreements").

AND WHEREAS the Corporation has agreed to sanction an aggregate loan of Rs. _____ (Rupees _____) including cost escalation, if any, to the Borrower for the purpose of implementing the said schemes.

..../-

² Mention name of the SEBs/Power Utilities.

:2:

AND WHEREAS in order to ensure the timely repayment of all amounts as and when the same become due and payable by the Borrower to the Corporation under any or all of the Agreements, the Borrower has agreed for creation of lien in favour of the Corporation on all the monies in the main or any independent revenue account of the Borrower maintained with the Escrow Agent having collections sufficient to service the loan and with a mandate to the Escrow Agent to pay all such sums, as aforesaid, to the Corporation in the manner set out in this Escrow Agreement.

AND WHEREAS the Board of Directors/Members of the Borrower in its meeting held on _____ has resolved to borrow amounts in respect of the said schemes aggregating to Rs. _____ (Rupees _____). A copy of the resolution dated _____ is enclosed hereto as Annexure II.

AND WHEREAS the Board of Directors/Members of the Borrower in its meeting held on _____ has authorized to execute this tripartite agreement providing first charge on the main or any independent revenue account of the Borrower being Account No. _____ with _____ Bank _____ Branch as security for the said loans in favour of the Corporation out of which monies shall be paid to the Corporation on the due dates, against the loans taken by the Borrower. A copy of the resolution dated _____ is enclosed hereto as Annexure III.

AND WHEREAS the Escrow Agent has agreed to comply with the requirement of the Borrower and to act in accordance with the terms set forth hereinafter.

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1 That the Borrower and the Escrow Agent hereby confirm that the Borrower shall maintain and continue to maintain the above-mentioned main revenue account or any independent revenue account designated as Escrow Account with the Escrow Agent for the purposes of collection of revenue sufficient to service the aforesaid loans by the Borrower and no change in the arrangement between Escrow Agent and the Borrower with respect to the said revenue account, including but not limited to closure of the same, shall be agreed to without consent of the Corporation.

2. That on the basis of representation made by the Borrower, and believed to be true by the Corporation, that monthly inflow in the aforesaid main or independent revenue account, on the strength of average monthly revenue collection for past six months is not less than _____, the said account is hereby designated as "Escrow Account", which shall operate in the manner stated hereinafter.

...../-

:3:

3. BORROWER'S OBLIGATIONS

The Borrower hereby undertakes: -

a)to credit all its payments towards collection of revenues being generated by it, in the Escrow Account only, sufficient to service the aforesaid loans..

b)not to open any other account either with the Escrow Agent or any other Bank or institution for the purpose of collection of revenues being generated by it, without permission of the Corporation.

c)not to withdraw any amount to the extent monies are due and payable to the Corporation on due dates from the Escrow A/c. from or to close the Escrow Account at any time without consent of the Corporation.

d)not to issue instructions to the Escrow Agent contrary to and/or inconsistent with the conditions set forth hereunder.

e)not to create any lien/charge or other encumbrances in respect of Escrow Account in favour of any person/entity other than the Corporation.

f)to issue all necessary instructions to the Escrow Agent in order to give effect to this agreement and in accordance with the directions and requirements as may be given by the Corporation from time to time.

g)to furnish to the Escrow Agent the repayment schedules, inclusive of interest and principal, in respect of the Agreements.

h)to issue irrevocable and unconditional instructions to the Escrow Agent for transfer and pay all the monies due and payable to the Corporation, so as to be credited in the account of the Corporation on or before the due dates, in terms of the repayment schedules, out of the Escrow Account and in case the amount lying in such account falls short of the amounts payable, then to pay the Corporation by debiting the Cash Credit Account or the overdraft facility, by whatever name called, of the Borrower with the Escrow Agent, superseding all other payments.

i)not to avail any overdraft/cash credit facility against the Escrow Account.

j)to complete all the formalities as required by the Corporation in this regard including filing of requisite returns/formalities with the concerned authorities.

k)that in case the Borrower willfully defaults or diverts the revenue or opens another account for collection of revenue without the written consent of the Corporation, the Corporation shall have the right to initiate legal action.

...../-

:4:

l)and represents that there are no action, suits or proceedings pending to Borrower's knowledge threatened against or affecting the Borrower in relation to this Escrow Agreement before any Court or any administrative body or arbitral tribunal which might materially affect the ability of Borrower to meet and carry out its obligations under this Escrow Agreement.

4. CORPORATION'S OBLIGATIONS

The Corporation undertakes:-

- a)to furnish to the Escrow Agent repayment schedules, inclusive of interest and principal, in respect of the said loans under the Agreements.
- b) to furnish to the Escrow Agent the names and specimen signatures of the persons authorized by the Corporation to issue notices, demands, consents and/or other communications in pursuance to the terms hereof. CMD/Director (Finance)/E.D.(Finance) of the Corporation shall authorise such persons from time to time, whose authorization shall be binding on the Escrow Agent.

5. ESCROW AGENT'S OBLIGATION

The Escrow Agent undertakes:

- a)not to open any other account in the name of the Borrower or to receive the revenues generated by the Borrower into any other account except the Escrow Account without written consent of the Corporation.
- b)to abide by the standing instructions issued by the Borrower for transferring the amounts due to the Corporation from the Escrow Account so as to be credited in the account of the Corporation on or before the due dates mentioned in the repayment schedules. For payments from the Escrow Account, the schedule of payment of interest, principal, penal interest and any other dues under the Loan Agreements, as furnished by the Corporation shall be final and binding on the Escrow Agent. Any such amounts intimated by the Corporation shall be immediately transferred to the Corporation by the Escrow Agent without reference to the Borrower.
- c)that it shall have no lien or right to set off the amount lying in the Escrow Account against any payments due to the Escrow Agent on any account whatsoever except with the prior written consent of the Corporation.

.../-

:5:

d)in the event of any amount outstanding in favour of the Corporation, not to make payment out of the Escrow Account to any other person until such outstanding amounts are paid to the Corporation in full.

e)to furnish to the Corporation certificates, letters, revenue collection figures, daily balances and intimations in such form as may be required by the Corporation from time to time.

f)The Escrow Agent shall, without any delay, give notice to the Corporation in the event of any withdrawal from the Escrow Account, or an order for attachment of Escrow Account or any other developments which is likely to prejudicially affect the Corporation's right to realize payment from the Escrow Account.

g)The Escrow Agent undertakes to make prompt and immediate payment forthwith against all notices received by it from the Corporation without questioning its validity or making a reference to the Borrower.

6. The Borrower hereby irrevocably and unconditionally authorizes the Escrow Agent to debit the Escrow Account to the extent of monies due and payable to the Corporation, in terms of the repayment schedules and transfer such amounts to the account no. _____ of the Corporation maintained with _____ Bank, so as to be credited in such account of the Corporation on or before the due dates.
7. In the event the balance in the said Escrow Account (including the Cash Credit Account, or the overdraft facility, by whatever name called) for any reason becomes insufficient to meet fully the payment due and/or demanded by the Corporation, the Borrower authorises the Escrow Agent not to raise any other debit on Escrow Account, notwithstanding the importance or nature of proposed debits and to make debits only on account of remittances to the Corporation to the extent available and as and when further credits are effected to the Escrow Account, continue to make remittances first to the Corporation till full amount due or demanded by the Corporation is paid back.
8. The Borrower hereby creates a first lien in favour of the Corporation on the Escrow Account to the extent the monies are due and payable to the Corporation on due dates to which the Escrow Agent has no objection. The Borrower undertakes to register such lien with the Registrar of Companies or any other statutory authority and to execute such other agreement/documents as may be required to give effect thereto.

..../-

9. In the event the Escrow Agent defaults in transferring the amounts on the due dates to the account of the Corporation in accordance with clause 6 above, or fails to comply with any of its obligations hereunder, the Escrow Agent shall be liable to the Corporation for all monies in respect of which default has been committed, besides penal interest at the rates applicable from time to time on quarterly compounding basis over and above the applicable rate of interest for the said loan. Such arrangement shall not relieve the Borrower of his liabilities under the Loan Agreements.
10. This Escrow Agreement shall continue to remain in full force and effect until all monies due and payable to the Corporation under the Agreements have been discharged in full and written confirmation from the Corporation is received by the Borrower and the Escrow Agent.
11. Any notice of demand issued by the Corporation to the Escrow Agent for recoveries of sums due under this Agreement shall be sent by fax followed by a written communication through registered post acknowledgement due/courier at the address mentioned herein above.
12. No waiver by REC of any breach of this Agreement by Escrow Agent shall be considered a waiver of any subsequent breach of the same or any other provision.
13. The Borrower agrees that notwithstanding any other remedy available to REC these presents create a security interest in REC and REC shall have the prerogative to exercise its right under Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
14. The Borrower 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 the Borrower, which the Borrower shall promptly settle the said bills separately without raising any debit on the Escrow Account and REC shall not be responsible for delay/non payment of the said bills.
15. Parties hereto have expressly understood that only the Courts at Delhi alone shall have exclusive jurisdiction over all matters arising out of or relating to this Agreement.
16. In case of any dispute arising during the operation of this Agreement it shall be subject to dispute resolution and conciliation under the Arbitration and Conciliation Act, 1996.

...../-

IN WITNESS WHEREOF the parties hereto have set their hands hereunto through their respective subscribing officials and the Surety has hereunto affixed his official seal on this Escrow Agreement on the day, month and year first above written.

(Signature)
Signature of the Officer
Competent to execute the
Deed acting in the premises for
On behalf and under the
Authority of Rural Electrification
Corporation Limited.

(Signature)
Signature of _____
acting in the premises for,
on behalf and under the
authority of the Borrower.

In the presence of _____ :

In the presence of _____ :

Witnesses
1.1.
2.2.

Witnesses

(Signature)
Signature of _____
Acting in the premises for, on
behalf and under the authority
of the Escrow Agent.

(Signature)

In the presence of _____ :
Witnesses:
1.
2.

**[DEFAULT ESCROW]
(without Mandate)**

TRIPARITE ESCROW AGREEMENT

This Escrow Agreement ('Agreement') is made on the _____ 200_ at _____ between Rural Electrification Corporation Limited. (A Government of India Enterprise) having its Registered Office at Core 4, Scope Complex, 7 Lodhi Road, New Delhi – 110 003 *with a Project Office* _____ (hereinafter referred to as "REC") of the First Part.

AND

* _____ (_____), Company Constituted under the Companies Act, 1956 having its Registered Office at _____ (hereinafter referred to the "Borrower") of the Second Part.

AND

_____ Bank, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 having its Head Office at _____ and branches throughout the country and abroad including its branch at _____, _____ (hereinafter referred to as the "Escrow Agent") of the Third Part.

REC, the Borrower and the Escrow Agent collectively referred to as "Parties" and individually as a "Party".

* _____ Board constituted under section 5(i) of Indian Elec. Supply Act, 1948.

..../-

:2:

AND WHEREAS the Borrower has availed/proposes to avail financial assistance by way of Short Term Loan/Term Loan for different projects/schemes from the REC, aggregating to Rs. _____ crores.

AND WHEREAS REC has sanctioned the above facility(ies) to the Borrower on the terms and conditions contained in the respective Sanction Letters of REC and the Borrower has accepted the said terms and conditions as set out in the respective Sanctions Letters for the respective schemes.

AND WHEREAS the Borrower has executed respective Memorandum of Agreement ('MOA') and other documents in respect of the facilities extended for _____ purchase of _____ [purpose(s)].

AND WHEREAS the Borrower has agreed for establishing Escrow Mechanism for availing financial assistance, on Current Account No. _____ (hereinafter referred to as an "Escrow Account") maintained with the Escrow Agent for revenue collection and to pay REC the amount due but not paid by the Borrower immediately on receipt of notice of demand for payment from REC

AND WHEREAS the Borrower has irrevocably and unconditionally authorized the Escrow Agent to collect and receive all its receivables, which includes all monies including but not limiting to revenue accruing to the Borrower by sale of electricity or otherwise collected and deposited in the Escrow Account to be maintained with the Escrow Agent.

AND WHEREAS the Borrower declares and undertakes that any cash receipt towards payment of any receivables of the Borrower shall be deposited in the Escrow Account with the Escrow Agent in entirety within reasonable time of _____ and shall not be utilized for any other purpose to the extent monies are due and payable to the Corporation(REC) in terms of MOA.

AND WHEREAS the Borrower also declares and undertakes that it shall not collect, credit or make any adjustment against receivables directly or through any other person except as provided in this Agreement and shall ensure that no other person is being authorized to utilize or appropriate any part of the receivables.

AND WHEREAS the Escrow Agent confirms that the average monthly inflow of revenues, the collection during the past six months has been to the tune of Rs. _____ stands credited to the Escrow Account and agrees that the amount so standing deposited in the said Escrow Account shall be continuing security utilized for repayment of the dues to REC from the Borrower in the manner provided in the Agreement.

..../-

:3:

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. Each of REC and the Borrower hereby appoint the _____ Bank as the Escrow Agent and the Escrow Agent hereby consents to the appointment as the Escrow Agent and act for and on behalf of REC and the Borrower on the terms and conditions set out herein.
2. The Borrower hereby creates a first lien in favour of REC on all receivables in the Escrow Account to the extent of Rs. _____ per month to which Escrow Agent has no objection. The Borrower undertakes to complete all the formalities in this regard including filing of requisite returns/formalities with Registrar of Companies.
3. The Borrower hereby acknowledges and undertakes to ensure the deposit of its receivables being not less than Rs. _____ crores (Rupees _____ Crores) per month from the collection centers namely _____ inclusive of capital receipts/proceeds from investments, subsidy and any other source in Escrow Account No. _____, maintained with Escrow Agent. The Borrower undertakes not to open/operate any other account directly and/or indirectly for the purpose of collection of its revenues/realizations till entire loan amount along with interest thereon and any other related liability has been discharged to REC.
4. That REC shall without prejudice to other rights and remedies shall have the right to recall the loan covered under the MOA at any time, if the Borrower fails to fulfill its obligation under the MOA and/or in the event of its committing breach of any of its obligation under this Agreement .
5. The Borrower irrevocably and unconditionally authorizes the Escrow Agent to make payments to REC from the Escrow Account to discharge the outstanding dues of the Borrower.
6. If at any time, for any reason whatsoever the Borrower defaults in making payment to REC towards loan amount provided here-in-before ,notice of demand will be served on the Escrow Agent by REC to remit the amount to REC from the said designated Escrow Account. Such notice of demand shall be conclusive evidence of the Borrower having defaulted in the repayment of the outstanding loans of the Borrower owed to REC.
7. That on receipt of the notice of demand from REC, the Escrow Agent shall immediately effect the payment demanded by REC in full, superseding all other payments of the Borrower and also any other instructions of the Borrower and notwithstanding any reason whatsoever, any advice issued by any functionary of the Borrower for making payment to any party other than REC will not be acted upon till the payment to REC has been made in full.

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8. In the event, the balance in the Escrow Account including the amount of limit sanctioned by the Bank is insufficient to meet fully the payment demanded by REC in their notice of demand, the Escrow Agent shall debit and make remittance to REC to the extent available therein and when further credits are affected/received in the Escrow Account, the Escrow Agent shall continue to make remittance to REC till the full amount as per notice of demand by REC is paid.

9. The Escrow Agent acknowledges and confirms that the Borrower has given/issued an irrevocable and unconditional authorization under this Agreement in favour of the Escrow Agent extending inter-alia, the mandate to discharge the commitments under this Agreement from time to time and further undertakes that the Borrower and the Escrow Agent shall not modify or revoke the mandate without the prior written approval and the consent of REC.
10. The Escrow Agent undertakes that it shall not have any lien and/or exercise its right to set off or be entitled to assert a general claim on the monies due to the Escrow Agent on account of any calls, short term, fixed or other deposits in the Escrow Account, without the prior written consent of REC.
11. The Escrow Agent undertakes that the amounts deposited in the Escrow Account shall be applied as per the terms and conditions set out herein. For the purposes of this Agreement, Section 20 of the Indian Trust Act, 1882 shall not apply.
12. No waiver by REC of any breach of this Agreement, by the Escrow Agent shall be considered a waiver of any subsequent breach of the same or any other provision.
13. The Parties shall be governed and construed in accordance with the Indian Laws and the Parties hereby irrevocably submit to the exclusive jurisdiction of the Court at Delhi to entertain and decide any dispute arising out of or relating to this Agreement.
14. The Escrow Agent will, without any delay give notice to REC in the event of any withdrawal from the Escrow Account or an order of attachment of Escrow Account or any other development which is likely to prejudicially affect the right(s) of REC to realize its amount due for from the Escrow Account in terms of this Agreement.
15. The Borrower agrees that notwithstanding any other remedy available to REC these presents create a security interest in REC and REC shall have the prerogative to exercise its right under Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest September, 2002.

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16. The Borrower 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 the Borrower, which the Borrower shall promptly settle the said bills separately without raising any debit on the Escrow Account and REC shall not be responsible for delay/non payment of the said bills.
17. The Escrow Agent shall furnish the monthly bank statement of the above Escrow Account by the first week of the succeeding month to REC or as and when called upon by REC.
18. Names and specimen signatures of the authorized official(s) of REC to issue notice duly attested are annexed to this Agreement. Any change in the said authorization will be advised to the Escrow Agent at the appropriate time.
19. Except as otherwise expressly provided elsewhere in the Agreement, all notices and/or communications, which are required to be given to the Parties and/or Party shall be addressed to the respective Party on the address written herein above in writing and shall be sufficient, if delivered/sent by Registered/Speed Post/Facsimile/Courier/Telegram.

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

Name of the Authorised Officer

Rural Electrification Corporation Ltd.
Core -4, Scope Complex,
7, Lodhi Road, New Delhi – 110 003.

Name of the Authorised Officer

Name of the Borrower: _____

Address:

Name of the Authorised Officer

Name of the Bank: _____

Address:

Witness:

1.

2.

(BKG)**BANK GUARANTEE**

THIS GUARANTEE is executed at _____ on the _____ day of _____ 200_ by _____ (name of the Bank) having its Head/ Registered Office at _____ (address of the bank) hereinafter referred to as “the Guarantor” (which expression shall include its successor or successors and permitted assigns)

IN FAVOUR OF

Rural Electrification Corporation Limited, a company registered under the Companies Act, 1956, and having its Registered office at Core-4, SCOPE Complex, Lodi Road, New Delhi-110 003 and a Project Office at _____ hereinafter referred to as REC (which expression shall include its successor or successors and permitted assigns)

WHEREAS REC and _____ (name of the borrowing company) have entered into a Loan Agreement dated _____, hereinafter referred to as the “Loan Agreement”, whereby REC has agreed to lend and advance to _____ (name of the Borrowing Company) hereinafter referred to as “the Borrower” (which expression shall include its successor or successors and permitted assigns) a Term Loan of Rs _____ (Rupees _____) for the purpose of _____ (Name of the project to be specified) upon terms and conditions set out in the Loan Agreement, a copy whereof is annexed hereto.

AND WHEREAS in terms of the Loan Agreement, the Borrower is required to furnish to REC, as one of the securities, an unconditional and irrevocable Bank Guarantee from a Scheduled Bank for a sum of Rs. _____ (Rupees _____ only) as security to the extent of 25% of the term loan for due repayment of Loan given by REC under the Loan Agreement.

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AND WHEREAS the Guarantor has, at the request of Borrower and for valid consideration, agreed to guarantee to the extent mentioned hereinbefore repayment to REC of the principal, interest, penal interest and other charges payable by the Borrower under the terms of the Loan Agreement, and the Bank herein gives guarantee to REC through this Guarantee Agreement (hereinafter referred to as “this Guarantee”).

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

1. In consideration of REC having granted the Term Loan of Rs._____to the Borrower the Guarantor hereby absolutely, unconditionally and irrevocably guarantees the, prompt and punctual repayment by the Borrower of the principal, interest, penal interest and other charges whatsoever , becoming due and payable in accordance with the terms of the Loan Agreement limited to Rs._____ and in the event of any default by the Borrower, agrees and undertakes to pay to REC upon written Notice of Demand, the principal, interest, penal interest and other charges whatsoever becoming due and payable under the loan Agreement without demur, to the above extent.
2. The Guarantor agrees that the Guarantee hereby given shall be a continuing guarantee and shall extend to cover any instalment or instalments of the Loan sanctioned and/or disbursed together with interest, penal interest and other charges payable under the Loan Agreement subject to limit provided hereinbefore.
3. REC may directly enforce the obligations of the guarantor without in any way first pursuing or exhausting any other rights or remedies which it may have against the Borrower or any other party. The Guarantor hereby waives any notice of non-payment or non-performance by the Borrower under the Loan Agreement and any presentment, demand, diligence or protest required under the applicable law to which the Guarantor might otherwise be entitled.

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4. The Guarantor hereby agrees and consents to any variation, amendment, modification, alteration, change, waiver, compromise, release or indulgence granted or any other action taken by REC under the Loan Agreement or with respect to any or all of the Borrower's obligations under the Loan Agreement with or without its consent or knowledge and further agrees that such variance shall not affect its liability under this Guarantee.

5. Subject to limit of guarantee agreed to here-in-before, no remedy herein or otherwise conferred upon, or reserved to REC shall be considered exclusive of any other remedy but the same shall be cumulative and in addition to every other remedy available to REC now or hereafter existing under any law or in equity or by statute, and every power and remedy available to REC may be exercised from time to time and as often as may be deemed expedient. No action or exercise or right, or remedy arising from any default or failure of the guarantor to fulfil the terms of this guarantee, or delay or omission in exercising such right, power or remedy shall impair, or be construed a waiver of any such right, power or remedy or any other right, power or remedy.

6. The Guarantor represents and warrants that this Guarantee has been duly authorised, executed and delivered by the Guarantor and constitutes a valid and legally binding obligation of the guarantor enforceable in accordance with its terms, is in full force and effect with no default thereunder and there is no action, suit, proceeding or investigation pending or threatened or any basis therefore, which questions the validity of this Guarantee.

7. The guarantor agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by REC at any time during the period this guarantee is in force with a view to more fully and effectively securing the moneys due and payable by the guarantor to REC in terms of this guarantee.

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8. The Guarantor shall pay or cause to be paid all taxes, charges and fees now or hereafter imposed on or in connection with the execution, delivery recording or registration of this Guarantee, the obligation evidenced hereby or payment hereunder.

9. The Guarantor shall not assign or transfer this Guarantee without having first obtained the written consent of REC. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind their several and respective successors.

10. The guarantor hereby agrees that, in the event of default in payment on the part of the Borrower to REC under the Loan Agreement, the Guarantor shall, forthwith from the date of delivery by REC to the Guarantor of a notice in writing of such default, fully discharge its obligations under this Guarantee, together with any penal interest and other charges payable under the Loan Agreement. The Guarantor hereby further agrees that an intimation in writing by REC to the Borrower that a default in payment had occurred, shall be treated as final and conclusive proof of the facts stated in the said notice.

11. It is hereby agreed that an admission or acknowledgement in writing by the Borrower or any person authorised by the Borrower or by any person authorised to draw on the account of the Borrower, or a certificate signed by any of the Borrower's managers or other authorised officials of the amount of the indebtedness of the Borrower to REC shall be binding and conclusive on the guarantor in any Court of law or otherwise.

12. The Guarantor shall not be released from obligations hereunder, except upon receipt of a written communication from REC discharging the Guarantor from its obligations hereunder.

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13. The Borrower agrees that REC shall have the right of assignment of the debt due by the Borrower and securities furnished under these presents to any Financial Institutions , Banks and or to any other Authorities or Agency for the purpose of refinancing etc., and the Borrower undertakes to assist and join hands with REC in furnishing any information, executing documents etc. in connection therewith.

14. The Guarantor hereby agrees that, on demand by REC the Guarantor shall make payments to REC under this Guarantee at New Delhi.

15. All communication or notices to this Guarantee shall be in writing or sent by Fax letter to be followed by registered post and shall be deemed to have been delivered upon receipt by the parties hereto at the following address:

To Guarantor		
Mail Address:		Address to be indicated.
Telegraphic Address:		

To
 The Executive Director(Finance),
 Rural Electrification Corporation Ltd.
 Core-4, SCOPE Complex, Lodi Road,
 New Delhi-110 003.0

..../-

:6:

IN WITNESS WHEREOF, the guarantor has caused Shri _____ to hereto set his hand for and on its behalf on this Guarantee as of the date first above written, in terms of the Board Resolution dated _____/Power of Attorney dated _____, a certified copy whereof is attached and forms part of this Guarantee.

Signed and delivered by Shri _____

For and on behalf of the _____(Name of the Bank)

In the presence of :

1.

2.

No.SEC(L)/LD-10/2003/

Dated:11.11.2003

**The Chief Project Manager,
REC Project Office,**

Subject: Formats of Loan Documentation in respect of Debt Refinancing

Sir,

Please refer Loan Policy Circular No.SEC-1/8(1)/2003/1 dated 1.1.2003 on Policy for Debt Refinancing. The various formats standardised and approved by the Competent Authority are sent herewith as under:

I) Board Resolution (DR-1)

The Borrower is required to provide certified true copy of the Board Resolution approving pre-payment of outstanding loan to the existing lender and authorising an officer to agree upon and comply with the terms and conditions stipulated by REC in the Sanction Letter.

II) No Objection Letter (DR-2)

The Borrower is required to furnish 'No Objection' from the existing Lender for repayment of outstanding loan towards principal directly by REC on behalf of the Borrower and convey agreement to issue certificate of satisfaction of charge etc.

III) Sanction Letter (DR-3)

The Sanction of Debt Refinancing by REC is conveyed through by Sanction Letter incorporating various terms and conditions. However, the Annexures A & B of the existing formats of Sanction Letter, relevant to the category of the scheme being re-financed, will need to be suitably modified and sent with the Sanction Letter as indicated in the Foot Note of the format.

IV) Certificate of Satisfaction of Charge (DR-4)

The existing Lender while acknowledging receipt of outstanding principal amount due from REC declares to cease holding any lien, charge and/or any form of encumbrance(s) on the security subsisting in favour of the existing Lender. The details of property/assets mortgaged/hypothecated and nature of the charge are required to be furnished with this letter.

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V) Debt Refinancing Agreement (DR-5)

This agreement is required to be executed on non-judicial stamp paper of the appropriate value as per State Stamp Act. The Borrower agrees to transfer/assign the existing securities and to execute the security documents in favour of REC within 90 days from the date of disbursement of the loan amount and agrees to issue a Demand Promissory Note authorising REC to disburse the same loan amount as Bridge Finance directly to the Original Lender. The Schedule on page 5 may please be carefully drawn to reflect the correct position of the existing loan.

VI) Promissory Note on Demand (DR-6)

The Promissory Note on Demand is required to be executed by the Borrower to avail of Bridge Finance pending completion of security documents in favour of REC.

It may please be ensured that the Common Seal of the Borrower entity is affixed in sealing clause of Agreement (DR-5) and Promissory Note on Demand (DR-6) .

For any deviations in the approved formats, reference may be made to Legal Cell specifying the deviation and justification therefor for further examination and obtaining approval of the Competent Authority as may be deemed necessary.

A soft copy of the formats, if required, could be obtained through E-mail.

Encl: As above.

Yours faithfully,

**(Ajay Kumar)
Dy.Chief(Law)**

Copy to:

- 1. AD to CMD/CVO/EDs, REC, Corporate Office, New Delhi.**
- 2. All GMs, REC, Corporate Office, New Delhi.**
- 3. All Chiefs/Joint Chiefs/Dy.Chiefs(Finance/OD)/FES-I, REC, Corporate Office, New Delhi.**
- 4. Addl. Director (CIRE), REC, Project Office, Hyderabad.**
- 5. Dy.Chief(IT) – for posting on REC Website.**

**(Ajay Kumar)
Dy.Chief(Law)**

DR-1
[BOD Resolution]

(On the Letter Head of the Borrower)

**CERTIFIED TRUE COPY OF THE RESOLUTION
PASSED IN THE BOARD MEETING HELD ON _____**

“RESOLVED THAT approval of the Board be and is hereby granted to borrow from Rural Electrification Corporation Limited (REC) a term loan of Rs. _____ on the terms and conditions contained in REC’s Sanction Letter No. _____ dated ___ 200_ for pre-payment of outstanding loan to _____ [Name of the existing Lender] against the term loan obtained for setting up of Project/Scheme _____.

“RESOLVED FURTHER THAT Shri _____, Director be and is hereby authorised to agree upon and comply with the terms and conditions stipulated by REC in the aforesaid Sanction Letter for pre-payment of existing term loan and to sign and execute loan documents, security documents in respect of the existing security released by the existing lender or the fresh security as may be required by REC, demand promissory note towards bridge loan and such other documents and papers and do all other acts, deeds and things as may be required for the purpose”

RESOLVED FURTHER THAT Common Seal of the Board/Company be affixed on Agreement, Demand Promissory Note and other related documents in the presence of _____.

DR-2**On the Letter Head of Original Lender****NO OBJECTION LETTER****To**

_____ [Name of the Borrower]

_____**Subject: Loan of Rs _____ sanctioned by us to you for setting up of
Project _____ at _____.****Sir,**

Please refer to your letter no. _____ dated _____, requesting our approval to prepay the loan amount outstanding against the aforementioned loan and for releasing the securities created in our favour to the new Lender, i.e., Rural Electrification Corporation Limited (REC).

We hereby convey our approval and no objection to your above request on the condition that the amount of Rs. _____ outstanding towards principal as on _____ will be repaid to us directly on your behalf by REC, the new Lender.

We agree that on receipt of the above outstanding amount, we will issue a certificate of Satisfaction of Charge in the format prescribed by REC in respect of the property/security charged to us and will also hand over to REC original title deeds and other documents relating to such charged property duly re-assigned in favour of REC.

We also agree to execute and register such document(s) as may be necessary to discharge our loan and release the security and also to re-convey the said security as required by REC. The cost and expenses in this regard shall be borne by you.

Please acknowledge the receipt.

Yours faithfully,
(Existing Lender)

Copy to: REC Ltd., New Delhi.(New Lender)

DR-3

[Sanction Letter]

(ON THE LETTER HEAD OF REC)

To

_____ (Borrower's name and address)

Sub: Refinancing of the loan obtained from _____ (Original Lender) for setting up of Project _____ at _____.**Sir,**

With reference to your letter no. _____ dated _____, requesting REC to sanction a loan of Rs. _____ to enable you to prepay the outstanding principal amount against the total loan of Rs _____ taken from _____, for the purpose of financing of the project cited above, we hereby convey our approval for sanctioning a loan of Rupees _____ under category _____ subject to the following terms and conditions and other terms and conditions as set out in *Annexures 'A' & 'B'* which shall form part of this Sanction Letter*.

Unless the Corporation otherwise agrees in writing on a request being made by you, the loan amount shall be disbursed directly to the Original Lender from whom you have obtained the loan of Rupees _____ against which Rupees _____ is outstanding towards the Principal. You will authorise REC to pay this amount directly to the Original Lender on your behalf and you will acknowledge the receipt for such payment.

You will obtain and furnish a 'No Objection Letter' in the prescribed format from the Original Lender for pre-payment of the outstanding loan.

2. The Original Lender on receipt of the amount in final payment of its dues shall issue a Certificate of Satisfaction of Charge in the prescribed format stating that the Original Lender ceases to have any lien on the Borrowers property/assets and agrees to re-assign/ hand over Original title deeds/ security documents in respect of the said property/assets executed in its favour to REC simultaneously at the time of receiving the payment from REC and shall also issue a written acknowledgement for receipt of payment, which shall be deemed a valid acknowledgement from you of the loan disbursed to the Original Lender.

.../-

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3. You will execute the necessary documents including security documents in favour of REC within a period of 90 days from the date of disbursement of loan amount by REC to the Original Lender against this loan. You will also provide a Demand Promissory Note drawn in favour of REC for the amount to be paid to the Original Lender, before its actual disbursement, which shall be valid and effective till such time the security documents are assigned/ executed in favour of REC as acceptable to REC and are duly registered in favour of REC.

4. You will provide to REC certified copies of resolution passed by your Board of Directors accepting the loan, to create the securities in favour of REC and to comply with other terms and conditions stipulated therein.

You are requested to acknowledge receipt of this letter, a copy whereof is also being sent to _____(Original Lender).

Yours faithfully,

Copy to :

All concerned.

***Note: The terms and conditions as appearing in Annexures A & B of REC's standard sanction letter of the relevant category may be reviewed and modified suitably and annexed to this Sanction Letter as referred to in first para above.**

DR-4

[On the Letterhead of the Original Lender]

Dated _____

Rural Electrification Corporation Limited
Core-4, Scope Complex,
7, Lodi Road
New Delhi-110 003

SUB: CERTIFICATE OF SATISFACTION OF CHARGE**Sir,**

This refers to your sanction letter no. _____ dated _____ requiring a "Certificate of Satisfaction of Charge" to be provided by the Original Lender relating to charge created and existing in our favour in respect of the assets as security for granting of loan amounting to Rs. _____ to _____ (hereinafter referred to as "Borrower") for setting up of _____ project at _____.

We hereby acknowledge that we are in receipt of Rs. _____ (Rupees _____ only) from Rural Electrification Corporation Limited towards the outstanding principal amount due from the Borrower on this date against the loan of Rs. _____ (Rupees _____ only).

We further acknowledge that the interest accrued till date and other charges, if any, has been duly received by us from the Borrower.

In consideration of the receipt of the aforesaid amount towards full satisfaction of the loan due to us, we hereby declare that, with immediate effect, we cease to hold any lien, charge and/or any form of encumbrance(s) on the security mortgaged/hypothecated in our favour on _____ [Details of property/assets mortgaged/hypothecated] being in the nature of first/second charge* and we further affirm that we have no objection whatsoever to the Borrower creating a mortgage/hypothecation in respect of the aforesaid assets/property in favour of Rural Electrification Corporation Limited.

Yours faithfully,

Cc: _____ [Borrower]

* Please state whether it is a first or second charge

DR-5

DEBT REFINANCING AGREEMENT

This Agreement is made at _____ on this day _____ of _____ 200__.

BETWEEN

Rural Electrification Corporation Limited, (A Govt. of India Enterprise) a Company registered under the Companies Act, 1956 having its Registered Office at Core – 4, SCOPE Complex, 7 Lodi Road, New Delhi and Project Office at _____ (hereinafter referred to as 'REC' which expression shall include its successors and permitted assigns)

AND

_____, a Company registered under the Companies Act, 1956*/ _____ Electricity Board, constituted under section 5(i) of the Electricity Supply Act, 1948 and having its *Registered Office/Head Office at _____ (hereinafter referred to as 'Borrower', which expression shall include its successors and permitted assigns)

REC and Borrower collectively referred to as "Parties" and singularly as a "Party".

WHEREAS Borrower had executed a Loan Agreement(s) (hereinafter referred to as 'Original Loan Agreement(s)' with _____ *[Please insert the name of the Bank/Financial Institution with whom the Borrower had executed the Original Loan Agreement]* a _____ Company/Banking Company (as the case may be) registered under the _____, having its Registered Office/Head Office at _____ (hereinafter referred to as 'Original Lender') on the terms and conditions contained in the sanction letter(s) of Original Lender dated _____ and the said Original Agreement(s) is/are still in force.

*Strike off whichever not applicable.

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AND WHEREAS the Borrower is desirous to pay back the outstanding Loan amount(s) to the Original Lender(s) and has approached REC to sanction a Term Loan of Rs _____ (Rupees _____ only) representing aggregate amount of principal outstanding. (hereinafter referred to as "Loan(s)").

AND WHEREAS the Borrower vide its letter dated _____ 200__ has applied for a Loan of Rs. _____ (Rupees _____ only) to REC for refinancing of its existing outstanding loan(s) for its Project(s), particulars whereof are given in the schedule hereunder written [hereinafter referred to as "Project(s)"] already taken up/implemented with the Loan taken from the Original Lender and has submitted the necessary projection(s) in connection therewith.

AND WHEREAS the Borrower has furnished to REC a 'No Objection' from the Original Lender for prepayment of the outstanding loan amount towards principal on behalf of the Borrower by REC to the Original Lender upon which the Original Lender would assign the securities, created by the Borrower, in favour of the Original Lender, to REC.

AND WHEREAS REC has agreed to sanction the said Loan of Rs. _____ (Rupees _____ only) vide its Sanction Letter No. _____ dated _____ 200__ (hereinafter referred to as 'Sanction Letter') on the terms and conditions stated in the aforesaid letter, a copy whereof is enclosed hereto as Annexure I. The terms and conditions stated in Annexure I hereof are to be read along with the terms and conditions set forth hereinafter and form integral part of the present Agreement.

AND WHEREAS the Borrower has by its Resolution dated the _____ day of _____, _____ [Please insert the year] passed at the meeting of its Board held on the _____ day of _____ has agreed to accept the said Loan from REC on the said terms and conditions contained in the Sanction Letter.

AND WHEREAS according to one of the conditions of the Sanction Letter the Borrower is required to assign/transfer in favour of REC all the securities given/charged in favour of the Original Lender for securing the due repayment by the Borrower of the Loan, interest, other charges and expenses thereon under this Agreement to REC.

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AND WHEREAS the Borrower has requested REC to repay the above Loan to the Original Lender directly as Bridge Finance on the strength of a Demand Promissory Note and other conditions mentioned in the Sanction Letter and REC has agreed to accept the same as an interim security until the existing securities given/charged in favour of the Original Lender are transferred/assigned in favour of REC and additional securities, if any, in terms of sanction letter are furnished by the Borrower and accepted by REC.

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. REC has agreed to lend and advance to the Borrower a loan of Rs. _____ representing the balance towards principal of the Original Loan amount outstanding as on _____ with the Original Lender on the terms and conditions set out in the Sanction Letter No. _____ dated _____ and on the terms and conditions hereinafter appearing and pay the same directly to the Original Lender on completion of the formalities mentioned in the Sanction Letter and stipulated hereunder.
2. The Borrower has agreed to issue a Demand Promissory Note (in the format acceptable to REC), in favour of REC to cover the Loan amount and interest due thereon and other charges and the Borrower has further agreed to obtain and furnish a No Objection Certificate from the Original Lender to REC for transfer/assignment of the existing securities given/charged in favour of the Original Lender in respect of the Loan availed by the Borrower, in favour of REC. The Borrower hereby authorises REC to disburse the said Loan amount as Bridge Finance directly to the Original Lender and the receipt of the amount by the Original Lender will be deemed to be valid disbursement to the Borrower under this Loan upon execution of this Agreement.
3. The Borrower has agreed to transfer/assign the existing securities and to execute the security documents in favour of REC within 90 days effective from the date of disbursement of the Loan amount and any failure on the part of the Borrower to do so will tantamount to an event of default, entitling REC to recall the entire outstanding Loan amount alongwith interest and other charges.
4. The Borrower declares and undertakes that the amount of the Loan being availed of under this Agreement is within the overall borrowing limits of the Borrower *under Section 293 (1) (d) of the Companies Act, 1956.
5. The Borrower shall repay to REC the amount of the said Loan with interest thereon in accordance with the terms and conditions set out in the Sanction Letter. The Borrower shall make all payments of principal and interest to REC at its registered office at New Delhi.

***Strike off, if not applicable.**

...../-

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6. The Borrower hereby undertakes to execute/register in favour of the REC an Equitable Mortgage/English Mortgage/Simple Mortgage and/or Hypothecation Deed that subsist for securing the due repayment of the Loan amount alongwith interest, other charges and expenses in terms of this Agreement.

7. The Borrower undertakes to furnish such other securities, besides the securities assigned/to be assigned by the Original Lender to REC, to the satisfaction of REC as stipulated in the Sanction Letter of REC.

8. The Borrower further agrees and declares that pursuant to the terms and conditions of the Sanction Letter, upon the Borrower's creating/registering of Mortgage and/or Hypothecation [*as the case may be*] of immoveable property/moveable property in favour of REC, and upon acceptance of security documents by REC, the Bridge Finance granted by REC, shall be deemed to be as and by way of regular loan granted by REC under this Agreement.

9. The Borrower agrees and undertakes to complete the remaining work under the Project in the manner and in accordance with the time schedule agreed to with REC.

10. The Borrower shall furnish to REC such periodical returns of its working and the utilisation of the amount of the Loan and progress of the Project as may be required by REC from time to time.

11. The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by REC at any time during the pendency of this Agreement, more effectively securing the amount due and payable or to become due and payable by the Borrower to REC in terms of these presents.

12. REC shall without prejudice to its other rights and remedies be entitled to recall the Loan at any time before the due date for repayment thereof, if the Borrower fails to fulfil any of its obligations under this Agreement and/ or any other Agreements that may be executed by the Borrower in favour of REC.

13. The Borrower agrees that REC shall be at liberty to assign the debt and the benefits of this Agreement and the securities to be created for the Loan as security for any re-finance which may be obtained by REC from any Banks/Financial Institution(s) and/ or other Statutory Authorities and Agencies in respect of the loan and the Borrower shall if and when required by REC to do so at the Borrower's own expense do and execute and join in doing and executing all such acts, things, deeds, documents or assurances, as REC may require for the effectuation of such assignment.

...../-

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14. In the event of a default on the part of the Borrower or any breach of the terms and conditions of these presents, the Borrower shall be liable to pay to REC all costs, charges and expenses incurred by REC in connection with the negotiations for the Agreement and in respect of the Agreement.

15. No waiver by REC of any breach of this Agreement by the Borrower shall be considered a waiver of any subsequent breach of the same or any other provision.

16. Neither this Agreement nor any of the rights, obligations hereinafter shall be assigned by the Borrower without the prior written consent of REC.

17. Any notice to be issued by any party to under this Agreement shall be addressed and sent to their respective addresses mentioned hereinabove in this Agreement or to such other address as the party(ies) may notify in this regard and shall be sent by registered post and shall be deemed to have been served on the party(ies), if addressed and sent in the manner stated herein.

18. The Borrower undertakes to indemnify and keep REC saved, defended, unharmed and indemnified against all costs and consequences arising as a result of any act of omission or commission on the part of the Borrower.

19. The Borrower agrees that notwithstanding any other remedy available to REC, REC shall have the prerogative to exercise its rights under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

20. Parties hereto have expressly understood that only the Courts at *Delhi alone shall have exclusive jurisdiction over all matters arising out of or relating to this Agreement.

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

Schedule:

S.No.	Project Details	Original Loan amount sanctioned	Original Lender	Principal amount outstanding against the Original Loan	Loan amount Sanctioned by REC

***Since the disbursement and repayment of the Loan is made from and in Delhi, the substantial cause of action arises in Delhi.**

.../-

:6:

SIGNED AND DELIVERED

SIGNED AND DELIVERED

By.....
on behalf of RURAL
ELECTRIFICATION CORPORATION
LIMITED

By.....
on behalf of _____
_____ (Borrower)

Name

Name

Designation

Designation

Common seal of _____ (Borrower)
affixed pursuant to _____ (Borrower's)
Board Resolution dated _____ in
the presence of Shri _____

In the presence of.....

In the presence of.....

Witnesses

Witnesses

1.

1.

2.

2.

DR-6

PROMISSORY NOTE ON DEMAND

_____ [Please insert the Place]

Date: _____ [Please insert the date]

Rs. _____ (Rupees _____ only)

We M/s _____ [Please insert the name of the Borrower Company] promise to pay on demand to Rural Electrification Corporation Limited, a Company registered under the Companies Act, 1956 and having its Registered Office at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi – 110 003 and having a Project Office at _____, or Order the sum of Rs _____ (Rupees _____ only) with interest @ _____ and other charges and expenses for value received towards Loan taken from Rural Electrification Corporation Limited in terms of Agreement dated _____, 200 ____.

Signature _____
of Borrower

PLEASE AFFIX Rs.2/-
Revenue Stamp

Name: _____
Designation: _____

Common Seal of _____ (Borrower)
affixed in pursuance of Board Resolution

Dated _____ in the presence
of _____.

SW-1

(ON BORROWER'S LETTERHEAD)**To****REC Limited
New Delhi****Dear Sirs,****Subject: *Swapping of earlier loans sanctioned by REC in respect of various scheme(s)/project(s)***

In response to your Loan Policy Circular No.SEC-1/(8)(1)/2003/3 dated 2.1.2003 for swapping of earlier loans sanctioned by REC, we are pleased to inform you that our Board of Directors in the meeting held on _____ decided to avail the facility to swap existing higher interest bearing loans with the current interest rates of the Corporation for similar category of schemes. Accordingly we propose to swap loans as per particulars given below :-

S. No.	Details of earlier loan schemes Code No. Amt. of Loan	Date of MOA	Date of Guarantee Deed	Amount Outstanding (Rs.)	As on (Date)

In the line with above, the Board of Directors have also *inter alia* agreed to accept the terms and conditions as contained in your aforesaid circular dated 2nd January, 2003 and authorised Shri. _____ to accept such further terms and conditions as may be stipulated by you in this regard and issue necessary certificates and sign the documents to give effect to the present proposal under the Common Seal of the Company.

We shall be glad if you communicate your acceptance of this proposal to enable us to take further action in this matter.

Yours faithfully,

(Authorised Person)

SW-2

(ON THE LETTER HEAD OF REC)

The _____)
 _____) **(Borrower's Full Address)**
 _____)
 _____)

**Sub: Swapping of the existing term loan(s) for various
 Project(s)/Scheme(s), aggregating to Rs. _____**

Sir,

With reference to your proposal vide letter No. _____ dated _____ requesting REC to swap the existing high interest bearing Term Loans, we advise that your request has been considered and we convey our general approval for swapping of the existing outstanding loans aggregating to Rs. _____ as on _____ (date) with loans at current rates of interest under the same category in order to lower the cost of funds for old projects/schemes. This swapping of loan is subject to the following terms and conditions:

1. The loan shall now carry current rate of interest of _____ per annum payable on _____ every year.
2. The SEB/Power Utility shall pay to REC a premium at 50% of the Net Present Value (NPV) discounted at current rate of interest, for the difference between the receivables of the balance period at the then rate and those at the current rate of interest. Premium amount shall be payable on the signing of agreement between the parties.
3. The nature of existing loan, however, will not change and the balance tenure of the original loan shall also remain the same. The Loan shall continue to be repaid in annual installments and the interest shall be paid half yearly/quarterly on the same dates as original loan was repayable or in EMIs as may be applicable under existing terms and conditions of loan(s).
4. The terms and conditions of the loan stipulated in the relevant original sanction letter(s) and the relevant Agreement(s) shall remain the same and in full force except to the extent modified by this letter.
5. A Supplementary Agreement shall be executed to give effect to the above transaction.

.../-

:2:

6. The present Sanction Letter shall form part and parcel of the Supplementary Agreement.
7. On execution of the Supplementary Agreement, SEB/Power Utility shall furnish to the Guarantor, a copy of the Supplementary Agreement requesting the Guarantor to annex and read it with the relevant Agreement/s.

Please acknowledge receipt and communicate your acceptance.

Yours faithfully,

()

Copy to:

The Secretary, (Energy/Power), Govt. of _____ (name of the State) being Guarantor of the Loan.

SW-3

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF (NAME OF BORROWER) AT THEIR MEETING HELD ON_____.

“RESOLVED THAT approval of the Board be and is hereby accorded to swap the existing term loan(s) availed in terms of the loan agreements executed between the SEB/ Company and the Rural Electrification Corporation Limited (“REC”) and to apply to REC, pursuant to Loan Policy Circular of REC bearing No.SEC-1/8(1)/2003/3 dated 2.1.2003, for swapping of the existing outstanding term loan(s) aggregating to Rs. _____ as on _____ (date).

“RESOLVED FURTHER THAT Shri. _____, Director (or other Designation) be and is hereby authorised to submit a proposal to REC for swapping of the existing term loans and to accept the terms and conditions for such swapping as may be prescribed by REC in this regard and to sign and execute loan documents and such other documents and papers and to do all other acts, deeds and things as may be required for the purpose”

“RESOLVED FURTHER THAT approval of the Board be and is hereby granted to affix the Common Seal of the Company on the loan documents for swapping in terms of the Articles of Association of the Company”.

SW-4

SUPPLEMENTARY AGREEMENT

This Agreement is made at _____ on this day _____ of _____ 2003.

BETWEEN

Rural Electrification Corporation Limited, a Company registered under the Companies Act, 1956, having its Registered Office at Core – 4, SCOPE Complex, 7 Lodi Road, New Delhi and having Project Office at _____ (hereinafter referred to as 'REC' which expression shall include its successors and permitted assigns).

AND

_____, a Company registered under the Companies Act, 1956* and having its Registered Office at _____ (hereinafter referred to as 'Borrower', which expression shall include its successors and permitted assigns).

REC and Borrower collectively referred to as "Parties" and singularly as a "Party".

WHEREAS Borrower has already obtained Loan/s [hereinafter referred to as 'Original Loan(s)] from REC and executed Loan Agreement(s) on diverse dates mentioned hereinafter in the schedule in favour of REC [hereinafter referred to as 'Original Agreement(s)], copy/copies whereof is/are enclosed hereto as Annexure I where-against an amount aggregating to Rupees _____ is outstanding as on _____ (date) against the said original loan(s) which the Borrower hereby acknowledges and particulars whereof are given in the Schedule hereunder.

***To change suitably if the entity is registered under any other charter.**

..../-

:2:

AND WHEREAS the Borrower is now desirous to swap the said loan(s) outstanding, at present carrying higher interest rates, to lower rates of interest currently charged by REC to avail of the benefit of lower cost of funds for the said schemes/ loans.

AND WHEREAS REC has agreed vide its letter No. _____ dated _____ to the request of the Borrower to allow swapping of the said loan(s) to provide the Borrower the benefit of lower cost of funds in respect of the said scheme/loans by swapping outstanding loan(s) towards principal amounting to Rupees _____ (hereinafter called "This loan") and all the terms and conditions agreed to between the parties in the Original Agreements referred to in the schedule, except to the extent modified hereunder, shall form part and parcel of this Supplementary Agreement which shall be read with the Original Agreements. The sanction letter dated _____ referred to here-in-above is attached as Annexure II hereto which shall form part and parcel of this Supplementary Agreement.

AND WHEREAS the State Government of _____ have guaranteed the repayment of the Original Loan(s) with the interest due thereon alongwith consent in the Guarantee Deed(s) for variations in the Loan Agreements.

NOW THIS AGREEMENT WITNESSETH AS UNDER :

1. This Loan shall now carry current rate of interest of _____ per annum payable on _____ every Year.

2. The Borrower also agrees to pay REC a premium at 50% of the Net Present Value (NPV) discounted at current rate of interest, for the difference between the receivables of the balance period at the then rates of interest and the current rates of interest. The premium amount so calculated shall be payable on the signing of this Agreement between the parties.

..../-

:3:

3.The Borrower agrees and undertakes to execute, sign, seal and deliver all documents, papers, acknowledgements and other writings as may be required by REC at any time during the pendency of this Agreement, more fully and effectively securing the moneys due and payable or to become due and payable by the Borrower to REC in terms of these presents.

4.The Borrower agrees that all other terms and conditions agreed to between the Parties in the Original Agreement referred to above shall continue to be in full force and effect and continue to be fully binding on the Borrower except to the extent modified above and in the Sanction Letter annexed hereto as Annexure II.

5.No failure or delay of the parties in the exercise of any right given to such party hereunder shall constitute a waiver thereof unless the time specified herein for exercise of such right has expired, nor shall any single or partial exercise of any right preclude other or further exercise thereof.

IN WITNESS whereof the parties have executed these presents at _____ the day, month and year here-in-above written.

SCHEDULE

S.No.	Details of earlier loan schemes	Date of Agreement	Amount Outstanding (Principal)

.../-

:4:

SIGNED AND DELIVERED

By.....

on behalf of RURAL

ELECTRIFICATION CORPORATION LIMITED

SIGNED AND DELIVERED

By.....

on behalf of

Borrower

Name
Designation

Name
Designation

Common seal of _____
(Borrower) affixed pursuant to
Board resolution dated _____, in
the presence of

in the presence of

Witnesses (Signatures with Name & Designation)

Witnesses(Signature with Name &Designation)

1.

1.

2.

2.

Annexure I

Original Agreement(s)

Annexure II

Sanction Letter