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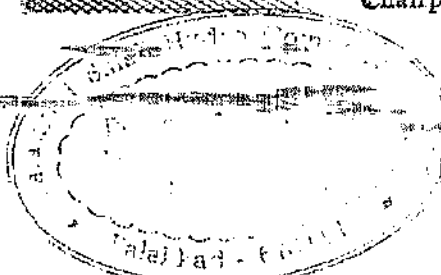
POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT executed on this the twenty third day of January Two Thousand and Seven BETWEEN, the Kerala State Electricity Board, a body constituted under Electricity (Supply) Act, 1948 and having its corporate office at Vidyuthi Bhavanam, Pattom, Thiruvananthapuram (hereinafter referred to as "the Board" which expression shall wherever the context so permits means and includes its successors and assigns) ~~and~~ part AND, the Palakkad Small Hydro Company Ltd. promoted by District Panchayat, Palakkad, a company incorporated / registered under the Companies Act, 1956 having its registered office at District Panchayat Building, Palakkad - 678 001 (hereinafter referred to as "the Company" which term shall wherever the context so permits means and includes its successors, administrators, executors and assigns) represented by its Chair Person for and on behalf of the Board of Directors of the Company, as per resolution passed by the Board of Directors of the Company, at their meeting held on 27.12.2006 of the Second part.

For Palakkad Small Hydro Co. Ltd.

Subaida Isheer
Subaida Isheer
Chairperson.

[Signature]
CHIEF ENGINEER (CONSTRUCTION & PLANNING)
K.S.E.B., VIDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004



WHEREAS THE GOVERNMENT OF KERALA have vide G.O (MS) No.15/98/PD. Dated 22.4.1998 pleased to allot the Meenvallam Small Hydro Electric Project having an installed capacity of 2.4 MW and annual generation capacity of 10.6 Million units to the Palakkad District Panchayat for execution and later vide the Government order No. G.O (MS) No.21/2002/PD dated 2-9-2002 has given approval to modify the installed capacity as 3 MW.

AND WHEREAS PALAKKAD DISTRICT PANCHAYAT have promoted the company with the main object of implementing Meenvallam Small Hydro Project with an installed capacity of 3 MW:

AND WHEREAS THE BOARD vide its communication of B.O No.1413/98(TC5-1216/98) dated 30-10-1998 has accorded sanction to allot the MEENVALLAM SMALL HYDRO ELECTRIC PROJECT (hereinafter referred to as "The Project") having an installed capacity of 2.4 MW and annual generating capacity of 10.6 MU to the District Panchayat, Palakkad for execution;

AND WHEREAS, the Company plans to design, construct, own, operate and maintain the project with an aggregate net electrical output not less than 3MW;


AND WHEREAS, the company wishes to sell to the Board and the Board wishes to purchase all of the Project's electricity generated, subject to the terms and conditions set forth herein after appearing;

AND WHEREAS, both the company and the Board will abide by Government orders from time to time.

NOW THIS DEED WITNESS AND IT IS HEREBY MUTUALLY AGREED AS FOLLOWS: -

For Palakkad Small Hydro Electric Project Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

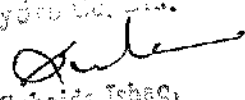
ARTICLE 1


DEFINITIONS AND INTERPRETATIONS

Whenever the following terms appear in this agreement, whether in the singular or in the plural present or past tense, they shall have the meaning stated below, except where the context otherwise requires:

- 1.1 **Agreement**
This Agreement including all appendices exhibits and schedules together with any amendments thereto as may be made by mutual consent of both the Parties in writing.
- 1.2 **Act 2003** means Electricity Act 2003.
- 1.3 **Actual Generation**
The units in Kwh (or MU) at the generator terminals.
- 1.4 **Available Hours**
The sum of all the hours in which a Unit is capable of providing service whether or not it is actually in service.
- 1.5 **Associated Transmission System**
The transmission system to be established upto the interconnection point shall be constructed, owned, operated and maintained by the Company. The transmission system from the interconnection point to the existing power system of the Board at Munnekar (aprox. 3km) will be constructed by the Board at the cost of the Company and after commissioning it shall be operated and maintained by the Board.
- 1.6 **Auxiliary Power Consumption**
Difference between the number of units (Kwh) generated by the Project as measured at the generator terminals at each generator unit and the number of units (Kwh) as measured at the Interconnection Point including transformation losses (which shall be 1% of energy generated).
- 1.7 **Authority**
In relation to this Project means the Committee constituted by the Government of Kerala vide G.O (Rt) 3026/98/LAD dated 16-10-1998 for according Technical Approval for the Project.
- 1.8 **Billing Date**
The 5th day after the Metering Date.
- 1.9 **Billing Month:**
The Billing Month shall be the calendar month in which electricity is supplied.

For Delekkeed Small Mydoo Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (GENERAL & PLANNING)
K.S.E.S.C. (Kerala State Electricity Board)
PATTOM, THIRUVANANTHAPURAM-695 004

- 1.10 **Business day** shall be construed as a reference to a day (other than a Sunday) on which the commercial Bank and Board are open for business in the city of Trivandrum.
- 1.11 **Capital Cost** means the cost of developing, designing, constructing, financing, insuring during Construction and causing entry in to Commercial operation of the Project (including cost of Spares) as approved by the Board and by the Authority before financial closing. The Components of Capital cost are given in Schedule 1.
- 1.12 **Change in Law** shall have the meaning set forth in Section 13.2.
- 1.13 **Commission** means The Kerala State Electricity Regulatory Commission.
- 1.14 **Contract Rate of Interest** means a per annum time weighted rate of interest equal to the sum of (i) the prime lending rate applicable during the relevant period of State Bank of India and (ii) two percent (2%).
- 1.15 **Check Meter**
Any meter and/or metering device of accuracy class equivalent to the Main Meter installed, owned and maintained by the Board at the Interconnecting Station to measure the delivery and receipt of energy and power for the purpose of checking the Main Meter.
- 1.16 **Control Center**
The Board's Load Despatch Centre located at Kalamassery or such other control centre designated by the Board from time to time (but not more than one at any time) from which the Board shall issue load despatch instructions to the project.
- 1.17 **Commercial Operation**
Commercial Operation shall mean the state of a unit when it is capable of delivering active power and reactive power on a commercial basis at the Inter Connecting-station bus bar as specified by the Company.
- 1.18 **Date of Completion** with respect to each Generating Unit means, the date on which such Generating Unit synchronises with the Grid for the first time and with respect to the Project, the date on which the Project synchronises with the Grid for the first time.
- 1.19 **Design Energy**
The energy to be generated by the Project in a year as detailed in the hydrology study contained in the Project Report accepted by the Authority of Board or as may be approved by the Authority of Board.
- 1.20 **Detailed Project Report**
Detailed Project Report means detailed report prepared for the 'Project' by the company and approved by the Authority constituted by State Government/Nodal Agency before undertaking construction of the project.


For Palakkad Small Hydro Co, Ltd.



Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

- 1.21 **Due Date of Payment**
The date on which the invoice amount for the Billing Month or any supplementary invoice or other invoice or claim shall become due and payable, which shall be 10th day of the succeeding month.
- 1.22 **Day**-the 24 (twenty-four) hours' period beginning at 00:00 Hours Indian Standard Time and ending at 24:00 hours on the same day.
- 1.23 **Despatch**
The Board instructions from the Control Centre in accordance with Prudent Utility Practices and this Agreement to schedule and control the generation at the Project in order to commence, increase, decrease or cease the Energy delivered to the Board Grid System.
- 1.24 **Delivered Energy**
The total energy, delivered and metered at the interconnection point as specified in Article 6.
- 1.25 **Dispute**
Any dispute, disagreement or difference in opinion or interpretation between the parties, in connection with or arising out of this Agreement.
- 1.26 **Equity** means the amount spent on Capital cost equal to the sum of
- Paid up capital and premium contributed by the promoters, the public or any other persons towards the share Capital of the Company, and includes:
 - Any portion of loan, debenture or other obligation converted as equity from the date of such conversion; and
 - Any other contribution by the promoters or others, as approved by the Board, where no interest or other similar remuneration is charged to the Board
- No part of any such amount referred to in this definition shall be equity unless it is exclusively used in connection with the Capital Cost. The amount of Equity shall be calculated as of the date of such investment or advance and shall be calculated in the applicable currency in which equity contribution was paid.
- 1.27 **Equity Undertaking** means an undertaking in a form prescribed by the Board and executed by the promoters of the company pursuant to which they would undertake to the Board to maintain, directly their equity stake for the entire PPA period
- 1.28 **Financial Closing** means the signing of the Financing Documents for Project financing and the fulfilment of all conditions precedent to the initial availability of funds thereunder and the receipt of commitments for such equity as required by the Company in order to satisfy the requirements of the Lenders, provided however that the Company has immediate access to funds (subject to giving the required draw-down notices) regarded as adequate by the Company and on terms regarded as satisfactory by the Company

For Palakkad Small Hydro Co. Ltd,



Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOI, THIRUVANANTHAPURAM-695 004

- 1.29 **Financing Documents** means the loan, notes, indentures, security agreements and other documents relating to long-term financing (including refinancing) of the Project or any part thereof, as such documents may be modified, amended or supplemented till Date of Commercial Operation
- 1.30 **Force Majeure** shall have the meaning set forth in section 15.2-hereof
- 1.31 **Grid Code** means the State Grid Code as approved by the Commission.
- 1.32 **Grid System**
Network of power system interconnecting different power generating stations, transmission lines and sub-stations for transmitting the generated power upto Local Centre (s).
- 1.33 **Installed Capacity**
The sum of measured output at the generator terminal in kilo (or mega) watts as per the rated frequency, voltage and power factor of the turbine generators installed at the Project for a sustained period of 24 hours at the design head and flow or as decided in consultation with the Board from time to time considering the uprating, derating, etc. as may be applicable.
- 1.34 **Interconnection Point**
The gantry point in the out-door switchyard of the Project where the Board's system and the project are connected.
- 1.35 **Infirm Energy**
Energy generated prior to the date of commercial operation of each generating unit and metered at the sub-station. The rate for the infirm energy supplied by the Company to the Board as specified in Article 8 of this agreement.
- 1.36 **Lender** means any Indian corporation, partnership, firm, individual or organisation providing debt or working capital to the Company.
- 1.37 **Letter of Credit**
Back up Letter of Credit shall have the meaning set forth in Section 9.3-hereof.
- 1.38 **Main Energy Meters** means meter(s) owned by the Company to record the delivery and receipt of Electricity
- 1.39 **Maintenance Outage**
An interruption or reduction of the generating capability of the Project for purpose of performing work on specific components which work should not in the reasonable opinion of the Company be postponed until the next Scheduled Outage and shall be scheduled and allowed by the Board.
- 1.40 **Metering Point** means the Point at which the Energy Delivered is metered, located at the Inter Connection Point.

For Palakkad Small Hydro Co. Ltd.

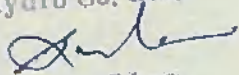

Subaida Ishaq,
Chairperson.

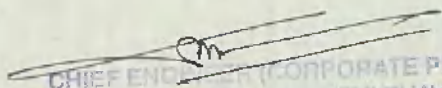

CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

accepted internationally for use in Electric Utility and Power Generation industries (taking into account conditions in India), and used in prudent Electric Utility engineering and operations to design, engineer, construct, test, operate and maintain equipments lawfully, safely, efficiently and economically, as applicable to the power station of the size, service and type of the Project and that generally conform to the manufacturer's operation and maintenance guidelines.

- 1.48 **R.P.C** means Regional Power Committee established by resolution by the Central Government for a specific region for facilitating the integrated operation of the power system in the region.
- 1.49 **Scheduled Commercial Operation Date**
Scheduled Commercial Operation Date (for each unit) shall mean the date identified by the Company and conveyed in a written notice sent to and received by the Board at least one hundred and twenty (120) days prior to such date, as being the date on which the Company will commence power supply from the unit on a regular basis, this date shall not exceed 15 (fifteen) days from the date of synchronisation of that unit.
- 1.50 **Scheduled Date of Completion** means with respect to the Project the date on Completion of 548 days from the occurrence of fulfilment of conditions precedent pursuant to section 2.1
- 1.51 **Scheduled Date of Commissioning of the Interconnection Facility.**
This shall be date by which the Board & Company shall ensure commissioning of Interconnection Facility for utilisation of energy generated at the Project upto the required load centres. This shall be 45 days prior to the date of commissioning of the Project.
- 1.52 **Scheduled Synchronisation Date**
Scheduled Synchronisation Date(s) (with respect to each unit). The date identified by the Company in a written notice sent to and received by the Board at least one hundred and twenty days (120) prior to such date as being the date on which the Company will attempt to cause a unit (or all the units as the case may be) to be electrically synchronised for the first time and connected to the substation.
- 1.53 **Tariff Policy** means Tariff Policy notified by the Central Government in compliance with section-3 of Act-2003

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYOTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE - 2

CONDITIONS PRECEDENT

2.1 **Conditions Precedent:** The responsibilities of the Company and the Board under this agreement excluding those mentioned in section 3.2 (b) of this agreement are conditional to the occurrence of the following in full:

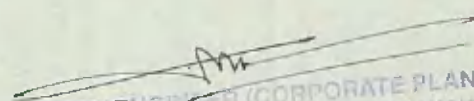
- (a) The Company shall have acquired valid title to the Project site and also shall have received vacant possession of the Project Site.
- (b) The Company shall have received the clearances from MoE & F.
- (c) The Project shall have received clearance from the Govt. of Kerala /KSE Board
- (d) The Govt of Kerala / KSE Board shall have:
 - Issued Techno- Economic Clearance
 - Approved Capital Cost and Financial Package
 - Approved the Tariff
- (e) The tariff of the project shall be as approved by KSERC.
- (f) The Company shall have received the draft format of the "Back up Letter of Credit" Agreement in the form and content acceptable to the company pursuant to Section 9.3 of this agreement along with the commitment from the issuing bank.
- (g) The Company shall have completed the feasibility study of the Project Site and satisfied itself that the Project Site is suitable for operation of the Project in conformity with all applicable regulations and environmental standards and shall accept full responsibility as between the Parties for its condition (including but not limited to its geological condition, or archaeological remains on the Project Site and the availability of adequate supplies of water) and agrees that it shall not be relieved from any of its obligations under this Agreement or be entitled to any extension of time or financial compensation by reason of the unsuitability of the Project Site.
- (h) The developer shall communicate the financial closure of the project as soon as the same achieved.

The Conditions Precedent mentioned above from (a) to (f) shall be met by the respective parties within 90 days of signing of this agreement.

Any of the conditions precedent set forth in this Section 2.1 may be waived by an Agreement in writing between the Board and the Company at any time.

For Palakkad Small Hydro Co. Ltd.



Subaida Ishaq,
Chairperson.



CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.B. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

2.2 Non Fulfilment of Conditions Precedent:

It is desirable to fulfil the conditions precedent set forth in Section 2.1 within 90 days from the date of signing of this Agreement. However, if the conditions precedent have not been satisfied in full or waived within 180 days of signing this agreement, either party shall have the right to terminate this Agreement by 21 days' notice in writing to the other party given at any time thereafter but prior to such conditions precedent being so satisfied or waived, and upon expiry of such notice this Agreement shall lapse. Neither party shall have any liability to the other whatsoever as a result of such termination.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 3

RESPONSIBILITIES OF THE COMPANY AND THE BOARD

3.1 Responsibilities of Company

(a) The Company shall construct and operate the project in a safe manner. It shall comply with the statutory/regulatory measures applicable to the construction and operation of the project promulgated by the State Government of Kerala /Government of India.

(b) This agreement shall be read and construed in all respects in conformity with all the provisions of the Electricity Act 2003 or any subsequent amendments thereof and the Rules and Regulations made thereunder from time to time.

(c)The Company shall procure and install new plant and equipment for the project. The project will utilise the available water and generate power according to the capability of the equipment. The power shall be generated at 3.3 KV, stepped up to 11 KV and transmitted to Board Sub Station/ Inter Connecting Station at 11KV. This transmission line and Inter Connection facilities will be constructed and maintained by the Company .The Net power generated after deductions for the requirements of the auxiliaries of the power station will be transmitted over the line.

(d) The Company shall submit to the Board a detailed Project Implementation report within 3 months from the date of execution of the PPA and a construction schedule of the project, 30 days prior to Commencement of Construction

(e) The Company shall make available to the Board and the commission the Financing documents within 15 days from Financial closing

(f) The Company shall submit to the Board all information requested by the Board from the Company

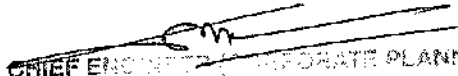
(g) The company shall continue to maintain all the insurance required to be taken in respect of the Project as required by the Lender/the Board, by laws of India and prudent utility practices till the expiry of the term of the PPA

(h) The construction of the project shall be done by the company as per the parameters as provided in the project report and approved by the Board. No major change will be effected by the company in the parameters or the scope of the work without the prior concurrence of the Board. The Company shall complete the execution of the project at its own cost and commission the project within a period of 18 months from the date of fulfilment of conditions precedent

(i) The entire cost of the company's generating plant and equipment required including civil, electrical and mechanical works, metering equipment and protective system and the transmission line to the Substation/ Inter Connecting

For Palakkad


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S. SUBASH
PATTOM, THIRUVANANTHAPURAM-695 004

line for evacuation of power including insurance charges shall be borne by the Company. The Operation & Maintenance of the above system excluding the transmission line from interconnecting point to Board's nearest substation shall be carried out at the Company's costs and expenses and operation and maintenance of the transmission line from the interconnection point to the nearby Board's power system shall be maintained by the Board.

(j) The Company shall arrange on its own adequate power and water supply during construction, testing, commissioning, start-up and maintenance and in case power could be drawn from the close by grid of the Board, such power shall be supplied at the grid point at the appropriate tariff as applicable from time to time but such an arrangement shall not be binding on the Board.

(k) The Company on its own will construct and maintain necessary access roads to the project area, including bridges/cross-drainage structures thereon, from the nearest available all weather road.

(l) The Company will be solely responsible for ensuring that existing riparian rights of the local people on the use of water for irrigation, drinking water supply, water mills etc. are not deprived. In case the water at present used for these purposes needs to be diverted for power generation for making the project economical, the company shall make and maintain alternate arrangements for the supply of the existing quantum of water at the desired places from tail race by gravity/pumping as necessary in consultation with the local people. Arrangements proposed to be made by the company to maintain the riparian rights should be spelt out in detail in the Project Report (Details at Schedule 1) of the Project Implementation Report and implemented accordingly before the commencement of the commercial generation.

(m) The Company shall complete the execution of the project and synchronise the generating units for supply of power to the Sub-station/Inter Connecting station by the end of 18 months from the date of fulfilment of Condition Precedent

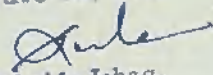
(n) The Company shall prepare the schedule of operation and maintenance of the project in consultation with the Load Despatch Centre of the Board taking into account full and optimum utilisation of water potential and grid parameters

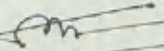
(o) The company shall operate and maintain during the term of the Agreement, and if required, effect improvement (within the overall scope of the project implementation) in the Project in accordance with:

- i) Prudent Utility Practices;
- ii) All applicable laws and directives;
- iii) The manuals, instructions and manufacturer's guidelines supplied by construction contractors, manufacturers of equipments/suppliers etc.
- iv) Despatch Instructions; and
- v) Guaranteed capacity

(p) The Company shall keep the Board informed of the progress of various works from time to time with respect to the agreed program so that the Board is in a

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

position to further co-ordinate with its own program of works with regard to and utilisation of Power.

(q) The Company shall give 30(thirty) days advance notice intimating the readiness of each unit to be electrically synchronised for the first time and connected to the Inter- Connecting Station/ Sub Station bus bars.

(r) The company will abide by Government orders from time to time.

3.2 Responsibilities of Board

(a) The Board agrees to make its own arrangement for inter-connection facilities on Board's side of Inter-Connection Point including protection and measuring devices.

(b) The Board will assist the Company in obtaining all way leaves required for construction, installation, operation and maintenance of the project including:

- i) Access to the project;
- ii) Transmission facilities for the export of energy to the Board system;
- iii) Pipelines for water; and
- iv) Other utility supplies and communication links

(c) Notice shall be sent to the Company by the Board regarding the readiness of interconnection facility at the switching sub station for the full evacuation and utilisation of power from the Project.

(d) " As water is a State resource, any royalty/duty/cess for the water used by the Company for power generation has to be paid by the Company to the Government of Kerala in accordance with the Law"

(e) The Board will abide by Government orders from time to time.

3.3 Delay in Completion of Project on Account of the Company

In the event of delay in completion of the Project beyond the scheduled date of completion except due to Force Majeure or due to any reasons attributable to the Board, the Company shall pay to the Board liquidated damages at the rate of Rs 750/ MW/day for each Day of delay following such scheduled date of completion until the Date of Completion, subject to maximum penalty of 180 Days of delay.

The liquidated damages payable by the Company shall be paid monthly within 10 days of the end of the calendar month to which they relate. If the Project has not achieved Entry in to Commercial Operation by the date which is 180 days after the Scheduled Date of Commercial Operation of the Project, the Board shall have the right to terminate the PPA .The Board, may however, at, its own option, extend the termination date by a further 180 days provided:

For Palakkad Hydro Co. Ltd.

Subaida Isham
Chairperson.

CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 4

COMMISSIONING AND ENTRY INTO COMMERCIAL SERVICE

4.1 Performance Test to establish Entry into Commercial Service:

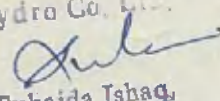
The Company shall, at least 7 days in advance, give the Board notice of and shall invite Board's representatives to attend the performance tests. The performance tests shall be conducted as per the procedures set out in Schedule 2.

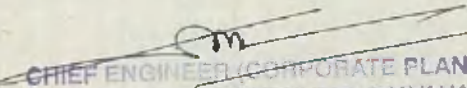
4.2 Entry into Commercial Service :

Each of the Generating Unit and/or the Project shall be deemed to enter into commercial service after the Company has demonstrated Fourteen Day's operation with a minimum of one day's Continuous operation of such Generating Unit and/or the Project and during such period it achieves the Tested Capacity of at least ninety percent (90%) of the Nominal Capacity for a minimum period of Twenty Four (24) consecutive hours within the electrical and hydrological system characteristics and the functional specifications, as specified in Schedule 4.

4.3 Shortfall in Nominal Capacity :

If the tested capacity is less than nominal capacity, the company shall endeavour to bring the capacity to nominal capacity within a period of sixty days. If the Company fails to do so, the Tested Capacity after the period of sixty days shall be treated as Guaranteed Capacity. Then the tariff will be reduced on pro rata basis for the short falls in capacity.

For Palakkad District Hydro Co. Ltd.

 Subaida Ishaq,
 Chairperson.

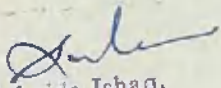

 CHIEF ENGINEER (CORPORATE PLANNING)
 K.S.E. BOARD, VYDYLUTHI BHAVANAM
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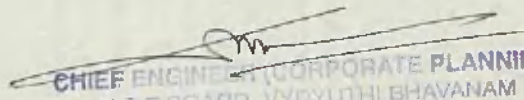
ARTICLE 5

SALE AND PURCHASE OF ENERGY

- 5.1 The Company agrees to sell and the Board agrees to purchase the entire electrical output of the project subject to the terms and conditions of this agreement.
- 5.2 The energy shall be generated by the generating units installed as per the project report approved by the Board. The generating units shall be operated by the company in the most efficient manner to utilise the water available. The power station will be operated mainly as run-off- the-river scheme in the absence of balancing capacity and the availability of water will be varying depending on the nature of the rainfall from month to month and year to year.
- 5.3 All the energy made available by the Company at the interconnection point shall be purchased by the Board as per tariff determined under article 8. The cost shall be total cost including the cost of transmission line incurred by the Company and the net energy shall be the energy generated minus the power for auxiliaries (0.5%) and the transmission losses (0.5%). All energy transactions shall be settled on monthly basis. Since the transmission system from the interconnection point to the Board's power system at Munnekkar (about 3 km from the interconnection point) is operated and maintained by the Board, KSEB shall bear the transmission losses in the transmission line from interconnection point to Board's substation.
- 5.4 Tariff for Infirm Energy: The Infirm Energy shall also be metered at the Interconnection point as per provisions under Article 6 and delivered at the Inter Connecting Station. The Board shall pay for the metered Infirm Energy at the rate determined as per Article 8.2 of this agreement.
- 5.5 The Palakkad Small Hydro Company Ltd shall deliver all energy generated from the Project and KSEB shall accept the same at the "point of supply" mentioned in clause 5.6 here under.
- 5.6 The point of supply shall be the interconnection point, which is the point in the gantry of the outdoor switchyard of the project where the project and Board's transmission system are connected.

For Palakkad Small Hydro Company Ltd

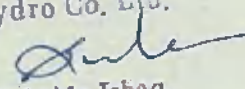

Subaida Ishaq,
Chairperson.



CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.B. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 6**METERING**

- 6.1 A set of main export and import energy meters and another set of Check Meters for export and import shall be installed at the interconnection point by the Company (Preferably ABT compatible SEM meters of 0.2 accuracy class) as defined in applicable IEC/BIS standards.
- 6.2 The meters installed, as above shall have reverse stop facility so that they do not record energy flow in the opposite direction.
- 6.3 The joint meter reading of the meters shall be taken first on the date of synchronisation, the date of commercial operation of the project, as well as on the last day of every month at pre-appointed time as settled between the representatives of the Board and the Company.
- 6.4 All meters shall be jointly inspected, calibrated and sealed on behalf of the Board as well as the Company and shall not be interfered with except in the presence of the authorised representatives of both the parties
- 6.5 The main & check meter shall be tested for accuracy half yearly and shall be treated as working satisfactorily so long as the errors are within the limits prescribed for meters of the class as per IEC687. Meter readings of the main meters recorded jointly by the parties will form the basis for billing, so long as the results of the half-yearly checks thereof are within the prescribed limits.
- 6.6 If during the half-yearly test check or annual calibration as per Clause 6.4 above, the main meter is found to have errors beyond permissible limits but the check meter is found to have errors within permissible limits of error, the billing for the previous six months shall be revised based on the consumption recorded by the check meter. The main meter shall be recalibrated immediately and billing thereafter shall be as per main meter.
- 6.7 If during the half yearly or annual calibration, both the main meter and the check meter are found to have errors beyond permissible limits, the bill shall be revised for previous 6 months by applying correction equivalent to the percentage of error beyond the permissible limit on the consumption registered by the main meter.
- 6.8 If both the main and check meter fail to record energy either due to the blowing of P.T. fuses or other causes, then the energy exported during the period of defect will be computed on a mutually agreed basis.
- 6.9 All the tests on the main meter and check meter shall be conducted by the representatives of the Board jointly with the staff of the Company and the results and corrections so arrived at mutually will be recorded in writing and will be applicable and binding on both the parties.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 7

PLANT OPERATION AND MAINTENANCE

7.1 Operating Procedures

7.1.1 Not later than one hundred and twenty (120) days before the Scheduled Synchronization Date of the Project, the Board shall provide the Company with a draft Operating Procedure dealing with all operation interfaces between Board and the Company including, but not limited to,

- a) the method of day-to-day communication between the Board and the Company;
- b) safety co-ordination;
- c) clearances and switching practices;
- d) scheduling and despatch;
- e) capacity and energy reporting;
- f) operating log;
- g) incident reporting;
- h) testing of the Interconnection and Transmission Facilities;
- i) testing (including Performance Tests) and monitoring of the Units;
- j) Reactive Power support;

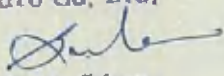
7.1.2 The Operating Procedures shall be consistent with the following, it being clearly understood that in the event of inconsistency between two or more of the following, the order of priority as between them shall be the order in which they are placed, with 'applicable law' being the first:


- (a) Applicable law;
- (b) the Grid Code;
- (c) the terms and conditions of this Agreement;
- (d) the Functional Specifications;
- (e) the Technical Specifications; and
- (f) Prudent Utility Practices.

7.1.3 Within sixty (60) days after receiving the draft, submitted by the Board pertaining to the Operating Procedures, the Company shall notify the Board in writing of its objections, if any, to the drafts received and the deletions, amendments or additions that it requires, and both Parties shall meet to discuss the draft Operating Procedures and to try to reach agreement on the Operating Procedures and suggested deletions, amendments and additions. If the Parties have failed to reach agreement within twenty (20) days after the Board's receipt of the Company's notice pursuant to this Article, the matter shall be resolved in accordance with Article 14.

7.1.4 Any Party may from time to time propose amendments to the Operating Procedures in any manner consistent with Article 7.1.2 by giving written notice to the other Party stating the reasons for the proposed amendment.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

The process in Article 7.1.3 shall apply if one Party objects within sixty (60) days to any proposed amendment.

7.1.5 The Operating Procedures shall take effect on the date agreed by the Parties or, if there is no objection to the proposed Operating Procedures, the expiry of the sixty (60) day objection period or such later date as shall be set out in the draft Operating Procedures which have been circulated.

7.1.6 The Parties shall comply with the Operating Procedures

7.2 Operation and Maintenance of the Power Station

7.2.1 The Company shall be responsible at its own expense for ensuring that the Power Station is operated and maintained in accordance with all legal requirements, including the terms of all Consents and Prudent Utility Practices so as to meet its obligations under this Agreement, including without limitation its obligations under Article 3.1, and so as not to have an adverse effect on the Grid System.

7.2.2 The Company shall be responsible at its own expense for obtaining and keeping in force all Consents required for the operation of a Unit, the Power Station and the Project in accordance with this Agreement throughout its Operating Period.

7.2.3 The Company shall ensure that sufficiently competent and qualified personnel are always on hand at the Power Station to enable a Unit to be operated twenty four (24) hours a day, seven (7) days a week throughout the year, it being understood that this shall not create an obligation on the Board to absorb all the Electrical Output that is capable of being generated if the Units are run in such manner and shall also not affect the ability of the Board to Dispatch the Power. In relation to employing personnel the Company shall meet any applicable laws, rules, regulations and requirements in force from time to time in India.

7.3 Inspections

7.3.1 The Board shall have the right to designate, from time to time in a written notice to the Company, up to five (5) of their representatives including independent Engineer, who shall be responsible for inspecting the Power Station for the purpose of verifying the Company's compliance with this Article 7 and who shall have access to the Power Station, in the case of Board:

- a) on no more than two (2) occasions in a Contract Year, upon giving not less than twenty four (24) hours notice of the inspection to the Company;
- b) on occasions when the Company has reported partial or full outage, to verify the other conditions reported by the Company which in the reasonable opinion of the Board may affect the output of a Unit and / or the Power Station in the next twenty four (24) hours, by giving one (1) hour notice; and

For Palakkad Small Hydro Co. Ltd.

Subaida Isbeg
Chairperson

[Signature]
CHIEF ENGINEER (CORPORATE PLANNING)
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PATTOM, THIRUVANANTHAPURAM-695 004

- c) at any other time for good cause, upon giving such notice as maybe reasonable in the circumstances;
subject, in all cases, to their complying with all reasonable safety precautions and standards.

7.3.2 In the exercise of any of its right under Article 7.3.1, the Board shall ensure that their representatives do not knowingly interfere with the proper operation or maintenance of the Power Station.

7.4 Dispatch Procedures

7.4.1 The Parties shall comply with the Dispatch Procedures, which should be mutually agreed among parties not later than 60 days before the Scheduled Commercial Operation Date of the first unit. The Dispatch Procedures to be agreed to shall at all times be consistent with the Applicable Laws including Grid Code

7.4.2 The Company may at any time and Board may, in respect of the Dispatch Procedures in so far as relevant to them, at any time, after the Commercial Operations Date propose revisions to the Dispatch Procedures by giving the written notice of the proposed changes and the reasons for the proposed changes.

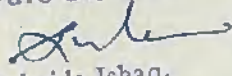
7.4.3 Within thirty (30) days of receiving any proposed change to the Dispatch Procedures pursuant to Article 7.4.2, the Party receiving the notice shall have thirty (30) days within which to notify the Party suggesting such changes whether or not it agrees to the proposed changes in which event:

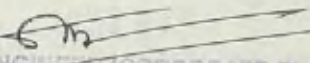
- a) if the change is agreed, the revised Dispatch Procedures shall become the Dispatch Procedures between the Board and Company for the purposes of this Agreement upon the date specified in the proposal or, if no date is so specified upon the expiry of the thirty (30) day notice period;
- b) if the change is not agreed, the Party receiving the notice shall provide a written list of its objections to such revised Dispatch Procedures and Article 7.4.4 shall apply; and
- c) if the Party receiving the notice fails to respond within such thirty (30) day period it will be deemed to have agreed to the proposed change.

7.4.4 If a Party objects to any revised Dispatch Procedures proposed under Article 7.4.2, both the receiving Party and the issuing Party shall consider the objections in good faith with a view to reaching agreement on how to revise the Dispatch Procedures.

7.4.5 If the Board and the Company reach agreement on the revised Dispatch Procedures within twenty (20) days after the list of objections was provided pursuant to Article 7.4.3, they shall become the Dispatch Procedures for the purposes of this Agreement with effect from the date specified in the

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


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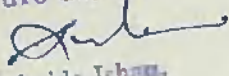
agreement. If they fail to reach agreement within that period the matter shall be resolved in accordance with Article 14.


- 7.4.6 Notwithstanding the foregoing provisions of this Article 7.4, no change shall be made to the Dispatch Procedures if the revised Dispatch Procedures would be inconsistent or incompatible with the following, it being clearly understood that in the event of inconsistency between two or more of the following, the order of priority as between them shall be the order in which they are placed, with 'applicable law' being the first:
- a) Applicable law;
 - b) the Grid Code;
 - c) the terms and conditions of this Agreement;
 - d) the Functional Specifications;
 - e) the Technical Specifications; and
 - f) Prudent Utility Practices.

7.5 Scheduled Outages

- 7.5.1 Not later than April 30 in each year (or by such other date as the Board may from time to time prescribe for the submission of outage plans from generating companies connected to the Grid System), the Company shall submit to the Board in writing its firm proposals for the Scheduled Outages to be taken in the next Contract Year and its provisional proposals for Scheduled Outages in each of the next two (2) succeeding Contract Years.
- 7.5.2 Unless otherwise requested to do so by the Board, the Company shall always plan to take Scheduled Outages only during any three months acceptable to the Board. Further, without the prior consent of the Board, the Company shall not take Scheduled Outages for both the Units of the Power Station, at the same time:
Provided that, after giving a notice of not less than two (2) years, the Board shall have the right to replace the above months with any three other months.
- 7.5.3 Within two (2) months after receiving the Company's proposals, the Board shall notify the Company in writing whether its proposed Scheduled Outages for the forthcoming one (1) Contract Year are acceptable and, if not, and after discussing the matter with the Company, they shall indicate the periods that would be acceptable, which shall be:
- (a) of the same duration as the periods requested by the Company;
 - (b) within the time limits required by any legal requirement relating to routine maintenance;
 - (c) within the time limits required or recommended by the manufacturer or supplier of the plant which is to undergo maintenance; and
 - (d) at the same point in time.
- 7.5.4 The Company may only object to a Scheduled Outage proposed by the Board on the grounds that it would be inconsistent with the requirements of Article 7.5.3. Unless the Company objects in writing within twenty (20) days after receiving the proposal, it shall be deemed to have agreed to the Scheduled

For Palakkad Small Hydro Co. Ltd.


Subaida Ishag,
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Outages proposed jointly by the Board. If the Company does object to a proposed Scheduled Outage within that period and the Parties cannot reach agreement within ten (10) days after the Company's objection was sent to the Board, the matter shall be resolved in accordance with Article 14.


- 7.5.5 The Scheduled Outages accepted by the Board or agreed to by the Company pursuant to Article 7.5.4 shall be confirmed to the extent that they relate to the next Contract Year and shall be provisional to the extent that they relate to subsequent Contract Years. Provisionally confirmed Scheduled Outages, may be changed, by any Party for good cause.
- 7.5.6 In an Emergency, the Board may require the Company to use its best efforts to reschedule a confirmed Scheduled Outage (including one which has already begun) to a more convenient time and shall compensate the Company for all additional costs which it reasonably incurs in rescheduling the Scheduled Outage.
- 7.5.7 The Board shall also give notice to the Company of their maintenance program for the Interconnection and Transmission Facilities and shall use their reasonable endeavours to coordinate such maintenance with the Scheduled Outages approved pursuant to this Article 7.5 so as to minimise any disruption to the operation of the Project.
- 7.5.8 The Company shall not declare any Unit available in any Settlement Period when it was scheduled to be undergoing a Scheduled Outage except to the extent that the availability of the Interconnection and Transmission Facilities is sufficient to allow the Board to utilise the full amount of the Power Station's Declared Capacity and the Board, in their sole discretion, choose to accept the Electrical Output made available during such Settlement Period.

7.6 Maintenance Outages

- 7.6.1 Whenever the Company needs a Maintenance Outage it shall advise the Board in accordance with the Operating Procedures of the nature of the work to be carried out, the estimated time required to complete it and the latest time by which in the Company's opinion the work should begin consistent with Prudent Utility Practices (which shall be not earlier than forty eight (48) hours after the time when the Company advised the Board of the need for the Maintenance Outage).
- 7.6.2 After discussing the matter with the Company, the Board shall advise the Company regarding when the requested Maintenance Outage is scheduled to begin (which shall be not later than the latest time indicated by the Company). The Company shall use its reasonable endeavours consistent with Prudent Utilities Practices to take the relevant Unit out of service at the scheduled time.
- 7.6.3 The Board may require the Company to schedule a Maintenance Outage in accordance with Articles 7.6.1 and 7.6.2 to remedy any impairment of a Unit's ability to meet its Contracted Operating Characteristics.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson


CHIEF ENGINEER (CORPORATE PLANNING)
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7.7 Coordinating Committee

7.7.1 No later than one hundred and twenty days (120) days prior to the Scheduled Synchronisation Date of the First Unit, the Parties shall establish a committee (the "Co-ordinating Committee") which shall be responsible for the co-ordination of the commissioning and operation of the Interconnection and Transmission Facilities and the Power Station and their coordination with the Grid System. The Co-ordinating Committee shall comprise four (4) members of which two (2) shall be appointed by the Company (one or more of which shall be employees of the Operator), two (2) of which shall be appointed by Board.

7.7.2 Without limitation to the generality of Article 7.7.1, the powers and duties of the representatives of the Co-ordinating Committee shall include:

- a) the co-ordination of the respective programmes of the Parties for the construction and commissioning of the Interconnection and Transmission Facilities and each of the Units and agreement where necessary upon the respective commissioning procedures;
- b) discussion of the steps to be taken on the occurrence of a Force Majeure Event, or a shutdown or reduction in capacity for any other reason, either of the Interconnection and Transmission Facilities or the Power Station;
- c) the co-ordination of the maintenance programme of the Interconnection and Transmission Facilities and the Units and / or the Power Station whether scheduled or otherwise;
- d) the co-ordination of forecasts or requirements from the Power Station;
- e) consultation on the insurance programme to be undertaken by the Company for the purposes of this Agreement including in respect of the Insurances;
- f) the development of any revisions to the Dispatch Procedures;
- g) the development of the Operating Procedures;
- h) safety matters affecting the Parties or their contractors;
- i) clarification of plans for an Emergency developed by the Board including for recovery from a local or widespread electrical blackout or voltage reduction in order to effect load curtailment;
- j) the review and revision of protection schemes and devices; and
- k) any other mutually agreed matters affecting the operation of the Interconnection and Transmission Facilities or the Power Station.

7.7.3 The Co-ordinating Committee may agree upon procedures for the holding of meetings, the recording of meetings and the appointment of subcommittees:

7.7.4 Provided that the Board shall nominate the chairman of the co-ordinating committee.

For Palakkad Small Hydro Co. Ltd.

Subaida Ishaq
Subaida Ishaq,
Chairperson.

[Signature]
CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

All decisions at any meeting of the Co-ordinating Committee shall be made with the unanimous agreement of all persons present at such meeting:

7.7.5 Provided that, the Coordinating Committee or any Party may refer the decision to the chief executives of the Parties for further consideration and resolution. Any matters not resolved by such unanimous agreement or resolution between each Party's chief executive shall be determined in accordance with Article 14.

7.7.6 The Co-ordinating Committee shall have the option, by mutual agreement between the members of the Co-ordinating Committee, to co-opt any other member(s) from relevant bodies such as Lenders (or any agent, trustee or representative acting on their behalf).

7.7.7 Except to the extent that any decision is inconsistent with the following, it being clearly understood that in the event of inconsistency between two or more of the following, the order of priority as between them shall be the order in which they are placed, with 'applicable law' being the first:

- (a) applicable law;
- (b) the Grid Code;
- (c) the terms and conditions of this Agreement;
- (d) the Functional Specifications;
- (e) the Technical Specifications; and
- (f) Prudent Utility Practices.

The Parties shall comply with the unanimous decisions of the Co-ordinating Committee in relation to matters within its competence or those that may be referred to it.

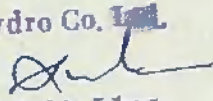
7.8 Maintenance of Records


7.8.1 Each Party shall keep complete and accurate records and all data required by each of them for the purposes of proper administration of this Agreement including, without limitation, an accurate and up to date operating log at the Power Station with records of:

- (a) meter records and other records needed to reflect real and reactive power production for each Settlement Period and Electrical Output of the Power Station on a continuous real time basis;
- (b) records of Available Capacity and Declared Capacity;
- (c) the results of any tests;
- (d) changes in operating status, Scheduled Outages, Maintenance Outages and Forced Outages (and any other restrictions or limitations affecting Available Capacity);
- (e) any unusual conditions found during inspections; and

7.8.2 All records maintained pursuant to this Article 7.8.1 shall be maintained for minimum of sixty (60) months after the creation of such records or data: Provided that, the Parties shall not dispose of or destroy any such records after such sixty (60) month period without thirty (30) days' prior written

For Palakkad Small Hydro Co. Ltd.

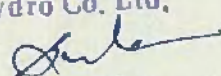

Subaida Ishaq,
Chair, CSEB



CHIEF ENGINEER (CORPORATE PLANNING)
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PATTOM, THIRUVANANTHAPURAM-695 004

notice to the other parties or at any time during the continuation of any dispute in respect of any matter to which such records relate.

- 7.8.3 Every Party shall have the right, upon reasonable prior notice, to examine the records and data of the other Parties relating to this Agreement or the operation and maintenance of the Power Station at any time during normal office hours.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
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PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 8**TARIFF****8.1 Tariff Period**

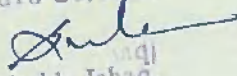
The Tariff period for the 25 years shall be reckoned from the day of Commercial Operation. The tariff for sale of energy for the tariff period of 25 years is as per rate mentioned in article 8.4."

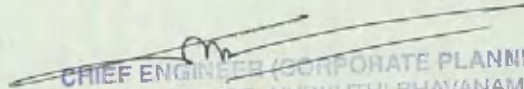
8.2 In respect of **infirm energy**, that is the sale of energy if any to the Board prior to Commercial Operation of the Project shall be at a rate Rs 0.18 Per KWh.

8.3 The Tariff for sale of Energy generated from the Project and supplied by the Company to the Board at the point of Supply as mentioned in article 5.6 of this agreement.

8.4 The Tariff for sale of Energy to the Board by the Company shall be at a rate of Rs 2.50 per unit for the first five years from the date of Commercial operation and for the next 20 years , the tariff shall be at the rate of Rs 2.12 per unit. .

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.



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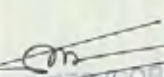
ARTICLE 9

BILLING AND PAYMENTS

- 9.1 **Monthly Bills:** The company shall furnish a bill to the Board before 5th of every succeeding month in such a form as may be mutually agreed by the Board and the company for the billing month. Each bill for a billing month shall be payable by the Board on the Due Date of Payment.
- 9.2 **Billing:** The monthly bill will be assumed as undisputed unless the Board informs the company within 15 days of receipt that the bill is disputed with the reasons thereof.
- 9.3 **Mode of Payment:** The Board shall effect payments of the bill on the basis of "Back up Letter of Credit" with the SBT, Vidyuthi Bhavanam Branch, Pattom, Thiruvananthapuram. in favour of the company. The letter of credit will be valid for one year and thereafter renewed on year to year basis. A rebate of 2.5% shall be given if the payment is made before the due date. The "Back up Letter of Credit" shall be for an amount equal to Monthly Projected payments.
- 9.4 **Billing of Infirm Energy:** The Company shall submit to the Bank and Board a separate Bill for Infirm Energy metered at the Sub-Station within 15 (fifteen) days of the date of commercial operation for each generating unit. The tariff shall be as per clause 8.2 of this agreement
- 9.5 **Billing for Energy Charges for Saleable Energy:** Billing for Saleable Energy from the Date of Commercial Operation shall be done at the Tariff as per Article 8.4 of this agreement on the basis of joint meter readings at the Inter Connecting Point for the month as per Article 6.3 of this agreement. A bill (in triplicate) shall be submitted by the Company to the Bank as specified in Article 9.9 by 10th (tenth) day of each succeeding month.
- 9.6 **Billing for Energy Purchased by the Company:** Energy purchased by the Company for consumption or during maintenance / shutdown period of the power plant shall be billed by the Board on monthly basis as per the prevalent LT/HT Industrial tariff as the case may be.
- 9.7 **Supplementary Bill:** The adjustments, if any, on account of any additional claims or errors in the billing for a month shall be made through supplementary bills and shall also be paid / adjusted.
- 9.8 **Payment:** The Company shall present the monthly Bills as per Articles 9.4 to 9.7 for payment to the Bank. Bills shall be payable by the 10th (Tenth) of succeeding month upon the execution and presentation of the following documents through " Back up Letter of Credit":

For Palakkad Small Hydro Co. Ltd.


Subajda Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VIDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

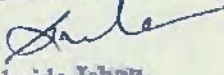
- i) Monthly bill in a mutually acceptable format indicating, calculations of Saleable Energy, Deemed Saleable Energy and late payment charges, if any.
- ii) A certificate by an authorised officer of the Company stating that the amounts specified in the certificate are due and payable by the Board to the Company under this Agreement and supported by a meter reading statement accepted and signed by both the Company and the Board or a certification by the Company that the Board failed to sign the meter reading statement.

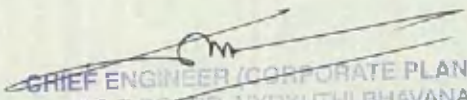
9.9 If the monthly bill is disputed, it shall be brought to the notice of the Company within 15 days of receipt that the bill is disputed with reasons thereof. The disputed amount shall be adjusted on resolution in the succeeding month's bill. If not, the provisions of article 14.1 of this agreement shall be applied.

9.10 **Late Payments:** Late payments i.e. payments after the due date of payment shall bear interest at a rate equal to State Bank of India prime lending rate of interest plus 2% per annum for the period of the delay.

9.11 In case the Board does not make payment of a bill within 90 (ninety) days from the due date of payment, the Company shall be at liberty to invoke the provisions of Article 16.4 of this agreement after giving a notice .

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 10

INSURANCE

10.1 Insurance to be maintained during construction period

The Company shall be liable to take out and maintain or cause to be taken out and maintained during construction period, such insurances as may be required including:

- (i) Comprehensive third party liability insurance
- (ii) Workers compensation insurance
- (iii) Any other insurance that may be deemed necessary by the Company

10.2 Insurance to be maintained during operation: The Company shall be liable to take out and maintain or cause to be taken out and maintained from and after the Date of Commercial operation through out the term of PPA, such insurances as may be required inter alia:

- (i) General liability insurance to cover all properties and all operations from all risks as per normal commercial practices.
- (ii) Comprehensive third party liability insurance
- (iii) Any other insurance that may be deemed necessary by the Company

10.3 Evidence of Insurance Cover: The Company shall furnish to the Board 'Certificates of insurance' in respect of insurances referred in Sections 10.1 and 10.2 above at the request of the Board.

10.4 Insurance Companies: Insurances shall be affected with Indian insurance companies to the extent that insurances can be affected with them in accordance with this agreement.

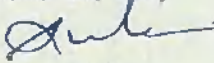
10.5 Application of Insurance Proceeds:

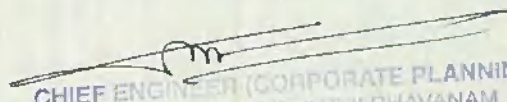
(i) Save as expressly provided in this Agreement, the proceeds of any insurance claim made due to loss or damage to the Project or any part thereof shall be first applied to reinstatement, replacement or renewal of such loss or damage.

(ii) Subject to Section 10.5 (i) above the Company may use the Insurance proceeds, as it deems fit.

(iii) Notwithstanding any liability or obligation that may arise under this Agreement, any loss, liability, damage, payment, obligation or expense for which compensation is due to the Company under any insurance under Sections 10.1 and 10.2 above shall not be charged to or payable by the Board or Government of Kerala.

For Palakkad Small Hydro Co. Ltd,

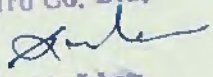

Subaida Ishaq,
Chairperson,

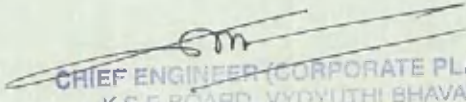

CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 11**PROTECTION SYSTEM**

- 11.1 The Company shall be responsible for procuring the generating units and the equipment properly designed and manufactured. It shall be responsible for designing the appropriate protection system of the entire equipment for safe operation.
- 11.2 The protective relays shall be suitably graded and co-ordinated with the Board's relays as may be required by the Board, and the Board shall not be responsible for any damage that may occur to the equipment of the Company due to operations of the grid.
- 11.3 The company will design, construct, test, control, operate and maintain the project in accordance with
- Prudent Utility Practices
 - Prudent Electrical Practices

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 12

REPRESENTATION AND WARRANTIES

12.1 Representation and Warranties of the Company

The Company represents and warrants that:


- (a) the Company is a Company duly organised and validly existing under laws of India and has all requisite legal power and authority to execute this Agreement and carry out the terms, conditions and provisions hereof;
- (b) this agreement constitutes valid, legal and binding obligation of the Company, enforceable in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting creditor's rights generally to the extent that the remedies of specific performance, injunctive relief and other forms of equitable relief are subject to equitable defences., the discretion of the court before which any proceeding thereof may be brought and the principles of equity in general;
- (c) there are no actions, suits or proceedings pending or to the Company's knowledge threatened, against or affecting the company before any court or administrative body or arbitral tribunal that might materially adversely affect the ability of the Company to meet and carry out its obligations under this Agreement, and
- (d) the execution and delivery by the Company of this Agreement has been duly authorised by all requisite corporate or partnership action, and will not contravene any provision of, or constitute a default under any other agreement or instrument to which it is a party or by which it or its property may be bound.

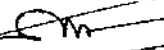
12.2 Representations and Warranties of Board

Board represents and warrants that:

- (a) the Board is a statutory body duly constituted under the Electricity (Supply) Act of 1948, as amended, and validity

For Palakkad Small Hydro Co. Ltd.

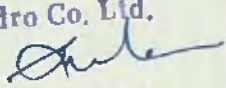

Subaida Ishaq,
Chairperson.

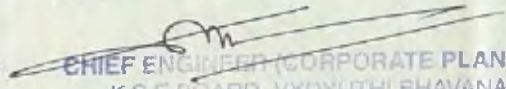

CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.B. REGIONAL OFFICE BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

existing under the laws of India and has all requisite legal power and authority to execute this Agreement and carry out the terms, conditions and provisions hereof;

- (b) this Agreement constitutes the valid legal and binding obligation of the Board, enforceable in accordance with the terms hereof except as the enforceability may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting creditor's rights generally to the extent that the remedies of specific performance, injunctive relief and other forms of equitable relief are subject to equitable defences, the discretion of the court before which any proceeding thereof may be brought and the principles of equity in general;
- (c) There are no actions, suits or proceedings pending or to the Board's knowledge threatened, against or affecting the Board before any court or administrative body or arbitral tribunal that might materially adversely affect the ability of the Board to meet and carry out its obligations under this Agreement, and
- (d) the execution and delivery by the Board of this Agreement has been duly authorised by all requisite corporate and will not contravene any provision of, or constitute a default under any other agreement or instrument to which it is a party or by which it or its property may be bound.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishag,
Chair person


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 13

CHANGE IN LAW

13.1 Definition of Law : For the purposes of this Agreement, "Law" means any valid act, rule, regulation, notification, directive, order, policy, by-law, administrative guideline, ruling or instruction having the force of Law enacted or issued by an Indian Government Instrumentality, Court or Tribunal.

13.2 Definition of Change in Law :

For the purposes of this agreement, "Change in Law" means (i) any Permit required to be obtained by the Company from any Indian Governmental Instrumentality due to any enactment or issue of any new Law, (ii) any amendment, alteration, modification or repeal of any existing Law by an Indian Governmental Instrumentality or through any interpretation thereof (iii) any change in any Permit requirement or amendment, alteration, modification or repeal of any Permit in each case coming into effect after the date of this Agreement, provision for which has not been made elsewhere in this Agreement.

13.3 Tax on Despatch of Electricity:

Any statutory levy/tax/duty imposed by GoI/Competent Authority on Electricity despatched to the Board by the Company shall be payable by the Board.

13.4 Change in taxes:

Corporate Tax

An increase or reduction in tax liability of the Company in respect of the income from the Project limited to 10% Return on Equity, on account of the changes in the assumptions stated in this section 13.4 hereunder would be passed on to the Board through Supplementary Bills within 3 months of the end of each financial year during the term of this Agreement.

- 100% tax holiday for initial 5 financial years of operations
- 30% tax holiday for the next 5 financial years of operations
- Indian Corporate tax = 35%

Any other income streams, if any, accruing to the Generating Company shall not constitute a pass through component in the tariff and shall be payable by the Company.

For P. Lakshmi Small Hydro Co. Ltd.

Subaida Ishaq
Subaida Ishaq,
Chairperson.

SM
CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

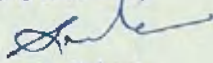
13.5 Notice of Change in Law

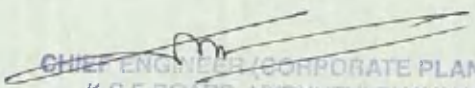
(i) If a Party who is affected by a Change in Law in accordance with Section 13.3 or 13.4 above wishes to claim a Change in Law under this Article 13, it shall give notice in accordance with Section 13.5(iii) to the other Party of such Change in Law as soon as reasonably practicable after becoming aware of the same.

(ii) Notwithstanding 13.5 (i) above, the company shall be obliged to serve a notice to the Board under this section 13.5 if it is beneficially affected by a change in law

(iii) Any notice served pursuant to this Article.13.5 above shall provide inter alia, precise details of the Change in Law and the effects on that Party of the same.

For Palakkad Small Hydro Co. Ltd,


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

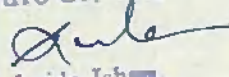
ARTICLE 14

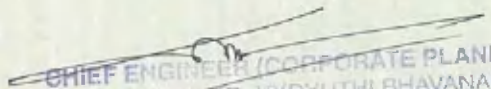
RESOLUTION OF DISPUTES

14.1 Amicable Resolution

- (a) Save where expressly stated to the contrary in this Agreement, any dispute, difference or controversy of whatever nature between the Parties, howsoever arising under, out of or in relation to this Agreement including disputes, if any, with regard to any acts, decision or opinion of the Board or the Independent Auditor and so notified in writing by any Party to the other parties (the Dispute) shall in the first instance be resolved amicably in accordance with the procedure set forth in clause (b) below.
- (b) Either Party may require such Dispute to be referred to the Chairman, Board and the Chair person of the Board of Directors of the Company for the time being, for amicable settlement. Upon such reference, the two shall meet at the earliest mutual convenience and in any event within 15 days of such reference to discuss and attempt to amicably resolve the Dispute.
- (c) If the Dispute is not amicably settled within 30 (thirty) days of such meeting between the two, the dispute may be referred to the Government, and the decision of the Government shall be binding on both parties and shall be final

For Palakkad Small Hydro Co. Ltd.


Subaida Ish
Chairperson

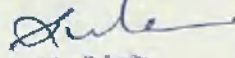

CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

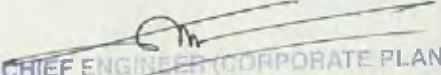
ARTICLE 15

FORCE MAJEURE

- 15.1 In the event a Party is rendered unable to perform any obligations required to be performed by it under the Agreement by Force Majeure, the particular obligations shall, upon notification to the other Party, be suspended for the period of Force Majeure.
- 15.2 Force Majeure shall mean any event or circumstances or combination of events or circumstances occurring after Financial Closure that wholly or partly prevents or unavoidably delays any Party in the performance of its obligations under the Agreement, but only if and to the extent that such events and circumstances are not within the reasonable control, directly or indirectly, of the affected Party and could not have been avoided even if the affected Party had taken reasonable care. Such events may include acts of the State Government / Government of India / Statutory Authority either in its sovereign or its contractual capacity, war, civil war, rebellion, quarantine restrictions, commotion, riot, strike, lockout, fire, freight embargoes, radioactivity, lightning, exceptionally adverse weather conditions, flood, landslides and earthquakes to the extent they or their consequences, satisfy the above requirements.
- 15.3 **Notification Obligations**
- (a) The Party claiming Force Majeure shall give notice to the other party of any event of Force Majeure as soon as reasonably practicable, but not later than 5 (five) days after the date on which such party knew or should reasonably have known of the commencement of the event of Force Majeure.
- (b) The party claiming Force Majeure shall give notice to the other party of (i) the cessation of the relevant event of Force Majeure and (ii) the cessation of the effect of such party of its rights or the performance by it or its obligations under this agreement as soon as practicable after it become aware of each of (i) and (ii) above.
- 15.4 **Duty to Mitigation and Obligations**
- (a) The parties shall use their reasonable efforts to mitigate the effects of any event of Force Majeure and to co-operate to develop and implement a plan of remedial and reasonable alternative measures to remove the event of Force Majeure, provided, however, that no party shall be required under this provision, to settle any strike or other labour dispute on terms it considers to be unfavourable to it.

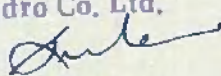
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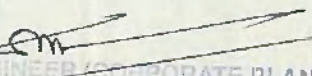

Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

- (b) Upon the occurrence and during the pendency of any Force Majeure Event, none of the parties shall be relieved of its liabilities / obligations including liability for the payments as per this Agreement.
- (c) In case the Force Majeure Event necessitates extension of time for project implementation, it will be duly accepted by both the parties.
- (d) In case of Force Majeure Event after completion of any unit(s) / project the parties shall take action as per sub-para (a) above and in such a situation the payment to the Company for generation of power shall be on mutually agreed terms.
- (e) In case any party is not willing to implement the plan of remedial and reasonable alternative measures to remove / remedy the Force Majeure Event, it shall be construed as default of such party and then the relevant provisions of Article 16 of this Agreement shall apply.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairman


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 16

TERM OF AGREEMENT AND EVENTS OF DEFAULT

16.1 This Agreement shall remain operative for a period of twenty five years from the date of commencement of Commercial Operation. The terms of the Agreement may be extended for further period by mutual agreement with modification as considered necessary and mutually agreed.

16.2 In case the State Government agrees to grant to the Company further extension in terms of the Implementation Agreement, the Board shall have the first right to continue purchasing the Net Saleable Energy from the Project during such extended period(s) also on the terms and conditions of the Agreement

16.3 **Company Default**


The occurrence and continuation of any of the following events, unless any such event occurs as a result of Force Majeure event or a breach by the Board of its obligations under the Agreement, shall constitute a "Company Event of Default" if within 21 days of the Company's receipt of a notice from the Board stating in reasonable detail the facts that form the basis for the Board's assertion that the Company has committed an act referred to in this clause and, the Company does not explain the reasonable and appropriate measures that it intends to take to cure any such material violation or deviation (including, in the case of (b) (i) below, by seeking any applicable waiver of or amendment to the Techno-Economic Clearance) and / or in the event of the explanation being considered satisfactory by the Board, the Company does not begin and thereafter does not continue to take such measures until such measures are no longer required.

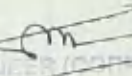
(a) the failure to achieve Commercial Operation of the Project before the expiry of 180 days after the Scheduled Commercial Operation date for the project plus the period by which the construction, commissioning and testing of the Project has been delayed because of Force Majeure or any failure by the Board under the Agreement, provided the total extension of time for delay attributable to Force Majeure does not exceed twelve (12) months;

(b) if the Project is designed, constructed or completed;

- (i) in a manner that materially deviates from the provisions of the Techno Economic Clearance,
- (ii) in violation of any applicable Law of India, or
- (iii) in a manner which deviates materially from Prudent Utility Practices, or

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chair person.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VIDYALATHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

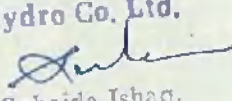
- (c) if the Company wilfully or recklessly fails in material respect to operate and maintain the Project in accordance with Prudent Utility Practices or as per the requirements of the Agreement;
- (d) if the Company, taking into account prevalent grid conditions, regularly refuses to comply with Despatch Instructions, and within 21 days of the Company's receipt of a notice from the Board stating in detail the facts that form the basis for the Board's assertion that the Company has, without justification regularly refused to comply with Despatch Instructions, the Company does not reasonably establish to the satisfaction of the Board that such refusals were not in wilful or reckless disregard of the Company's obligations under the Agreement;
- (e) the dissolution of the Company pursuant to law, except for the purpose of a consolidation or reorganisation that does not affect the ability of the resulting entity to perform all its obligations under the Agreement and provided that such resulting entity expressly assumes all such obligations;
- (f) the transfer, pursuant to law, of either the rights and / or obligations of the Company hereunder or all or a substantial portion of the assets or undertakings of the Company,
- (g) the Company commits material breach of the Agreement;
- (h) the Company assigns or purports to assign its rights and transfer its obligations under the Agreement.

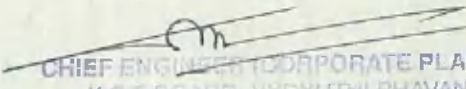
16.4 Board Default

The occurrence and continuation of any of the following events, unless any such event occurs as a result of Force Majeure event or a breach by the Company of its obligations under the Agreement, shall constitute the "*Board Event of Default*" if within 21 days of the Board's receipt of a notice from the Company stating in reasonable detail, the facts that form the basis for the Company's assertion that the Board has committed an act referred to in this clause and, the Board does not explain the reasonable and appropriate measures that it intends to take to cure any such material violation or deviation and/or in the event of the explanation being considered satisfactory by the Company, the Board does not begin and thereafter does not continue to take such measures until such measures are no longer required.

- (a) the dissolution, pursuant to law, of the Board except for purposes of a merger, consolidation, privatisation or reorganisation that does not affect the ability of the resulting party to perform all its obligations under the Agreement and provided that, the Board's successor expressly assumes the obligations of the Board, under the Agreement;

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

- (b) the transfer, pursuant to law, of either the rights and / or obligations of the Board hereunder or all or a substantial portion of the assets or undertakings of the Board except when such transfer does not affect the ability of transferee to perform all its obligations under the Agreement and provided that such transferee expressly assumes the obligations of the Board, under the Agreement;
- (c) if the Board fails to make payment of undisputed amount of the monthly bills of three consecutive operational months, within the date of payment in respect of the monthly bill for third such consecutive month;
- (d) it commits material breach of the Agreement;
- (e) the Board assigns or purports to assign its rights and transfer its obligations under the Agreement.

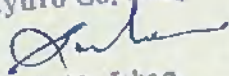
16.5 Notice of Default

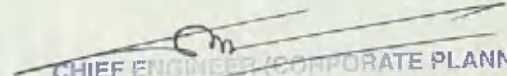
- (a) Upon the occurrence of a Company's Event of Default or a Board's Event of Default, as the case may be, the Board or the Company, as the case may be, shall deliver a notice to the other Party ("*Notice of Default*") which shall specify in reasonable detail the Company Event of Default or the Board Event of Default, as the case may be, giving rise to the Notice of Default to the other party.
- (b) Following the giving of a Notice of Default, the Parties shall consult each other for a period upto one hundred twenty (120) days (or such longer period as may be mutually agreed) as to what steps shall be taken with a view to mitigate the consequences of the relevant event having regard to all the circumstances. The parties may also mutually decide the cure period within which the defaults shall be remedied provided that if no mutual agreement is arrived at with regard to the duration of cure period, the defaulting party shall be entitled to get a cure period of three months from the date on which the consultation period expires.
- (c) The Company shall continue to operate and maintain the Project as per provisions of the Agreement and the Board shall pay for the Net Saleable Energy as per provision of the Agreement till decision by Government of Kerala as per article 16.6 below or date of transfer of the Project to the State Government.

16.6 Consequences of Default

If the default has not been remedied within the cure period, the Company shall have the option to continue generation and the Board shall be bound to purchase the power. The party who delivers the Notice of Default may take up the matter with the Government of Kerala for resolving the issue. The decision of the Government will be binding on both the parties.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chair-person.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 17

LIABILITY AND INDEMNITY

17.1 Limitation of Liability

- (a) Except as expressly provided in this Agreement, neither the Company nor the Board nor their respective officers, directors, agents, employees of Affiliates (or their, officers, directors, agents or employees) shall be liable or responsible to the other Party or its Affiliates, officers, directors, agents, employees, successors or assigns (or their respective insures) for incidental, indirect or consequential damages, connected with or resulting from performance or non-performance of this Agreement, or anything done in connection herewith, including claims in the nature of lost revenues, income or profits (other than payments expressly required and property due under this Agreement). The Board shall have no recourse against any officer, director or shareholder of the Company or any Affiliate of the Company or any of its officers, directors or shareholders. The Company shall have no recourse against any officer of the Board, or any affiliate of the Board or any of its officers.
- (b) Notwithstanding this Article, a Party shall be liable to the other Party for any additional costs, expenses or loss suffered, arising directly from a wilful default of the Party's obligations under this Agreement.
- (c) For the purposes of this Article, "wilful default" shall mean-
- i) an intentional or reckless breach / disregard by a Party of its obligations under this Agreement;
 - iii) a failure to remedy a breach resulting from an error of judgement or mistake arising in good faith; or
 - iii) a failure to remedy a breach resulting from an action in accordance with Prudent Industry Practice.

17.2 Indemnification

- (a) The Board shall bear responsibility for loss of or damage to property, death or injury to person (or any claim against the Company and / or its contractors in respect thereof) and all expenses relating thereto (including without limitation reasonable legal fees) suffered by the Company and/or its contractors in connection with the Project resulting from any negligent act or omission of the Board, without recourse to the Company and / or its contractors. The Board will hold the Company and / or its contractors fully indemnified in respect thereof. The indemnity shall not extend to any loss, damage, death or injury (or any claim in respect thereof) or any expenses relating

For Palakkad Small Hydro Co. Ltd.

[Signature]
Subsidiary

[Signature]
CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

thereto to the extent that it was caused by any act or omission of the Company and / or its contractors to take reasonable steps in mitigation thereof. Notwithstanding anything to the contrary contained in the preceding sentence, nothing in this Article 17.2 (a) of this agreement shall apply to any loss, damage, cost or expense in respect of which and to the extent that, the Company and / or its Contractors are compensated pursuant to the terms of any insurance, or other contracts such as the construction contract or the operation and maintenance contract.

- (b) The Company shall bear responsibility for loss of or damage to property, death or injury to person (or any claim against the Board and / or its contractors in respect thereof) and all expenses relating thereto (including without limitation reasonable legal fees) suffered by the Board in connection with the Project resulting from any negligent act or omission of the Company and / or its contractors, without recourse to the Board. The Company will hold the Board fully indemnified in respect thereof. The said indemnity shall not extend to any loss, damage, death or injury (or any claim in respect thereof) or any expenses relating thereto to the extent that it was caused by any act or omission of the Board or the failure of the Board to take reasonable steps in mitigation thereof. Notwithstanding anything to the contrary contained in the preceding sentence, nothing in this Article 17.2 (b) of this agreement shall apply to any loss, damage, cost or expense in respect of which and to the extent that the Board is compensated pursuant to the terms of any insurance, agreement or through any other means.
- (c) In the event such injury or damage results from the joint or concurrent, negligent or intentional acts of the Parties, each shall be liable under this indemnification in proportion to its relative degree of fault.

17.3 Notice of Proceedings

- (a) Where the Party receives a claim from a third party in respect of which it is entitled to be indemnified under Article 17.2 or 17.3 of this Agreement, it shall promptly notify the other party of such claims.
- (b) Neither Party shall settle or compromise any claim, action, suit or proceeding with third party in respect of which it is entitled to be indemnified by the other party without the prior written consent of that Party, such consent shall not be unreasonably withheld or delayed.

17.4 Defence of Claims

The indemnified party shall have the right, but not the obligation, to contest, defend, and litigate any claim, action, suit or proceeding by any third party

For Palakkad Small Hydro Co. Ltd.

[Signature]
Subaida Isahac,
Chairman

[Signature]
CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

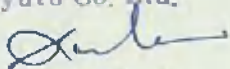
alleged or asserted against such indemnified Party in respect of, resulting from, related to or arising out of any matter for which it is entitled to be indemnified hereunder, and the reasonable costs and expenses thereof shall be subject to the indemnification obligations of the indemnifying Party hereunder; provided, however, that if the indemnifying Party acknowledges in writing its obligations to indemnify the indemnified Party in respect of loss to the full extent provided by Article 17.2 of this Agreement, the indemnifying Party shall be entitled, at its option to assume and control the defence of such claim, action, suit or proceeding, liabilities, payments and obligations at its expense and through counsel of its choice if it gives prompt notice of its intention to do so to the indemnified Party and reimburses the indemnified Party for the reasonable costs and expenses incurred by the indemnified Party prior to the assumption by the indemnifying Party of such defence. The indemnified Party shall not be entitled to settle or compromise any such claim, action, suit or proceeding without the prior written consent of the indemnifying Party, which consent shall not be unreasonably withheld or delayed.


The indemnified Party shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of such indemnified Party, when and as incurred unless

- (a) the employment of counsel by such indemnified Party has been authorised in writing by the indemnifying party,
- (b) the indemnified Party shall have reasonably concluded that there may be a conflict of interest between the indemnifying Party and the indemnified Party in the conduct of the defence of such action,
- (c) the indemnifying Party shall not in fact have employed independent counsel reasonably satisfactory to the indemnified Party to assume the defence of such action and shall have been so notified by the indemnified Party, or
- (d) the indemnified Party shall have reasonably concluded and specifically notified the indemnifying Party either that there may be specific defences available to it which are different from or additional to those available to the indemnifying Party or that such claim, action, suit or proceeding involves or could have a material adverse effect upon it beyond the scope of the Agreement.

If clause (b), (c) or (d) of the preceding sentence shall be applicable, then counsel for the indemnified Party shall have the right to direct defence of such claim, action, suit or proceeding on behalf of the indemnified Party and the reasonable fees and disbursements of such counsel shall constitute legal or other expense hereunder.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chair person.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.B.O.A.R.D., VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004


ARTICLE 18

SPECIAL PROVISIONS

- 18.1 Any variation, waiver or modification of any of the terms of this Agreement shall be valid only if communicated in writing and agreed and signed by / or on behalf of the parties hereto.
- 18.2 The invalidity or unenforceability for any reason of any part of this Agreement shall not prejudice or affect the validity or enforceability of the remainder.
- 18.3 The parties to this Agreement shall not assign or part with rights and obligations under this Agreement to any third party without the prior approval in writing of both the parties and such approval shall not be unreasonably delayed or withheld.
- 18.4 The failure of any party to insist in one or more instances upon the strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as waiver of any such provisions or relinquishment of any such rights but the same shall continue in full force and effect.
- 18.5 Unless the context otherwise requires, every arrangement, procedure or any other matter which is, under any of the provisions of this agreement, required to be mutually agreed upon between the parties, shall be concluded by a written agreement between the parties.
- 18.6 The Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the parties or to impose any partnership obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any Agreement or undertaking for or act on behalf of or to act as or be an agent or representative of or to otherwise bind, the other Party.
- 18.7 Cancellation, expiration or earlier termination of the Agreement shall not relieve the Parties of obligations that by their nature should survive such cancellation, expiration or termination, including without limitations, warranties, remedies, promises of indemnity and confidentiality; provided, however, that all obligations surviving the cancellation, expiration or early termination of the Agreement shall only survive for a period of 5 (five) years.
- 18.8 The language of the Agreement shall be English. All documents, notices, waivers and all other communication written or otherwise between the Parties in connection with the Agreement shall be in English language.
- 18.9 The Agreement and the rights and obligations hereunder shall be interpreted, construed and governed by the Laws of India, as in force, from time to time.

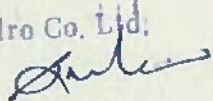
For Palakkad Small Hydro Co. Ltd.



Subaida Ishaq,
Chairman


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

- 18.10 The Agreement and the Schedule attached hereto are intended by the Parties as the final expression of their Agreement and are intended also as a complete and exclusive statement. All prior written or oral understandings, offers or other communications of every kind pertaining to the sale or purchase of Electrical output hereunder between the Board and the Company are hereby abrogated and withdrawn.
- 18.11 The Agreement shall not be assigned by either Party other than by mutual Agreement between the Parties in writing.
- 18.12 The Agreement shall not confer any right of suit or action, whatsoever, on any third party.
- 18.13 This agreement shall be governed by the laws of India. The courts at Thiruvananthapuram shall have jurisdiction over the all matters arising out of or relating to this agreement.

For Palakkad Small Hydro Co. Ltd.


Subaid Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ARTICLE 19

NOTICES

- 19.1 Any notice or communication required to be in writing hereunder shall be given by any of the following means: registered, certified, or first class mail, telex, facsimile or telegram. Such notice or communication shall be sent to the respective Parties at their addresses listed below. Except as expressly provided herein, any notice shall be deemed to have been given on the seventh day of despatch. Any notice given by first class mail shall be considered sent at the time of posting. Communications by telex, telecopy, or telegram shall be confirmed by depositing a copy of the same in the post office for transmission by registered, certified or first class mail in an envelope properly addressed as follows:

In the case of the Board

To

The Chairman,
Kerala State Electricity Board,
Vydyuthi Bhavanam,
Pattom,
Trivandrum - 695 004
Phone: 0471-2514500
Fax: 0471-2441328
Email: cmkseeb@kseebnet.com

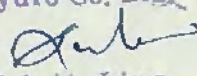
In the case of the Company

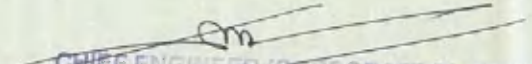
To

The Secretary,
Palakkad Small Hydro Company Ltd.,
District Panchayat Building,
Palakkad - 678001.
Phone: 0491-2522504
Fax: 0491-2535909

- 19.1 Any Party may, by 15 (fifteen) days' written notice to the other, change the representative or the address to which such notices and communications are to be sent.

For Palakkad Small Hydro Co. Ltd.


Subhida Ichang


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed this Twenty third day of January, Two Thousand and Seven at Thiruvananthapuram

SIGNED BY

SIGNED BY

For Palakkad Small Hydro Co. Ltd.

Subaida Ishaq
Subaida Ishaq,
Chairperson.

Chair Person

for and on behalf of
Palakkad Small Hydro Company Ltd.

The common seal of Palakkad Small Hydro Company Ltd., (the Company) was pursuant to a resolution of its Board of Directors passed on that behalf on 27.12.2006 hereunto affixed in the presence of witness :

1. *Vijaya Gopala Menon*
Member, Board of Directors.
R. G. Menon

2. *R. Chinakkulai*
Vice President
District Panchayat
Palakkad

[Signature]
CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

The Chief Engineer,
Corporate Planning.
for and on behalf of
The Kerala State Electricity Board.

In the presence of witness:-

1. *K. Radhekrishnan*
Chief Engineer
Corporate Planning *[Signature]*

2. *B. Pradeep*
Executive Engineer
o/o CE (CP) *[Signature]*



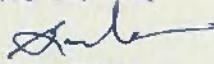
SCHEDULE 1

(Brief provisions of the project report of the company duly approved by the Board)

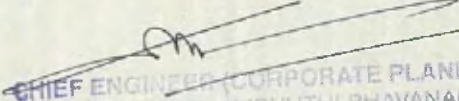
SALIENT FEATURES

Name of Project	Meenvallam Small Hydro Project	
Location	District	Palakkad
	State	Kerala
Name of Stream	Thuppanad	
River bed gradient	Minimum 2.63	
Catchment Area	Maximum Elevation – 1758 M	
Annual Rainfall	4179.2 MM	
Dependable Discharge	75%	50%
Max. (10 daily)	0.232 Cumec	0.796 Cumec
Min. (10 daily)	0.249 Cumec	0.722 Cumec
Diversion Weir		
Type	Gravity Dam	
Elevation	Top of Weir – 419.5, Bed Level – 410.0	
Length	67.15	
Width	Base at Bed level – 8.19 m , top – 3 m	
Depth		
Desilting Chamber		
Minimum Particle size to be removed		
Length	Scour Pipe	
Section		
Power Channel/Water Conductor System		
Type		
Section		
Length	Penstock Pipe	
Slope		
Design discharge		

For Palakkad Small Hydro Co. Ltd.



Subaida Ishaq,
Chairperson.



CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E.B. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

Forebay/Surge Tank

Type	Forebay is combined with the existing
Size	reservoirs. Separate forebay is not
Depth	required.

Penstock

Number	1
Type/material	Carbon steel penstock – spirally welded as per ADI- 51 Specification grade X – 42.
Length	519 m
Diameter	0.914 m
Design discharge	1.68 Cumecs

Power House

Gross Head/Net Head	220 .07 / 204.82
Size of Power House	17.5 m x 15.5 m
Installed Capacity	2 X 1500 KW
No. and Type of Turbine	Horizontal Axis twin jet Pelton
Type of Generator &	Synchronous, salient pole with screen protected enclosure
Generating Voltage	3.3 kV
Annual Design Energy	8.37 MU

Switchyard

Step-up Transformer	3.3 / 11 kV , 50 Hz, 2000 kVA
Type	ONAN
Size	
Step-up Voltage	11 kV
No. of feeders	1

Transmission Line N.A

Existing water uses/Riparian rights NIL

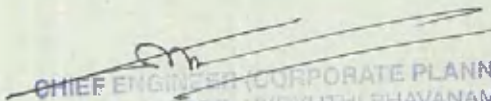
Proposals for maintaining Riparian rights Not Applicable

Cost of Project (Base Year) 10.11 crores

Likely completion cost 10.86 crores (including IDC)

For Palakkad Small Hydro Co. Ltd


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

SCHEDULE 2
PERFORMANCE TEST PROCEDURE

S2.1 Before initial synchronisation, not later than ninety (90) days before the Scheduled Date of Completion, the Company shall supply the following documents to the Board for approval:

- a) Final single line electric diagram of the Project
- b) Electrical protection study report
- c) Start-up procedure and on-grid testing program
- d) Operating procedure and other agreements as described in Article 7.

S2.2 Before Conducting performance test, the Company shall supply the following documents to the Board for approval:

- a) Report of completion of on-grid testing program
- b) Copies of insurance policies covering the Project pursuant to Article 10

S2.3 The Company shall give a seven (7) day notice to the Board before starting the Performance Test. The Board may depute an Engineer to witness the Performance Test.

S2.4 Scope of Performance Test

(i) During each Performance Test, the Project shall be operated in a manner similar to normal Commercial operation with all auxiliary loads and losses associated.

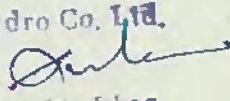
(ii) The Performance Test will be considered successful if the Project operates fourteen day's operation with a minimum of one day's continuous operation at or above 90% of its Nominal Capacity of operation within the Technical Limits specified in Schedule 3.


S2.5 Test Report

The Test Report shall include the following:

- (i) kilowatt-hour and kilo-Watt meter readings at Inter-Connection Point to verify the net output. Reproduced copies of actual log sheets are preferred where ever possible.
- (ii) For turbine unit(s), a curve of net capability, with test result noted on the graph.
- (iii) Calculation of Tested Capacity
Notes explaining reason for any failure to achieve Nominal Capacity, and intended date and means of correcting the deficiency or re-rating the unit capability.
- (iv) Test Report and settings of all relays should be intimated to the Board before Commercial Operation

For Palakkad Small Hydro Co. Ltd.


S. S. Ishaq,
Chairperson.



CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

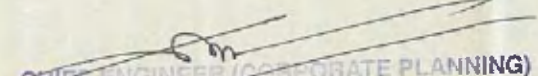
SCHEDULE 3
TECHNICAL LIMITS

1	Type of Turbine	Horizontal axis twin jet Pelton
2.	Generation Voltage Nominal	3.3KV
3.	Power factor	0.85 lagging
4	Frequency Range	47.5 Hz to 51.5 Hz
5	Nominal Grid frequency	50 Hz
6	Grid Voltage	11 KV
7	Load variation during normal operation	50% to 100%

While the normal regime of operation shall be-50 % to 100% the Company shall operate the Project at a lower load when so required by the Board.

For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.

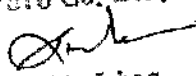

CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E. BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

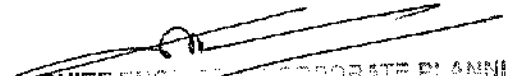
SCHEDULE 4

ELECTRICAL SYSTEM CHARACTERISTICS
AND FUNCTIONAL SPECIFICATIONS

1. Generator Terminal Voltage : 3.3 KV
2. Frequency : 50Hz
3. Speed : 600 RPM
4. Power Factor : 0.85 lag
5. Generator Efficiency curve : Refer Annexure 1
6. Rated Out put : 1.50 MW, 1.765MVA
7. Single line diagram :Refer Annexure 2
8. Type of Exciter : Brushless
9. Exciter Voltage : 42 V DC
10. Exciter : AC Exciter Diode Bridge has rotating armature and stationary poles. The diode bridge mounted on the main shaft along with the armature of AC Exciter converts the AC from Exciter armature to DC and feeds to the main generator field. The diode bridge is a 3 phase full wave bridge consisting of 6 diodes, 3 of normal polarity and 3 of reverse polarity. They are mounted on the rear side of the machine in a diode wheel and insulated from the shaft by epoxy glass lamination sheet. Armature leads of exciter and field leads of main generator are brought to this diode wheel for connection to diodes.
11. Automatic Voltage Regulator Details : Voltage setting range: 10% over normal
Steady state regulation : Within $\pm 1.5\%$ of set voltage for load changing from no load to full load under solo operation
Voltage Droop setting range: Upto 5% of nominal voltage.
12. Possibility of running the Machine as Synchronous Condenser : Not possible
13. kVAR that can be supplied : 930 kVAR

For Palakkad Small Hydro Co. Ltd.

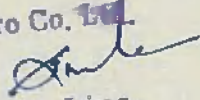

Subaida Ishaq,
Chairperson.

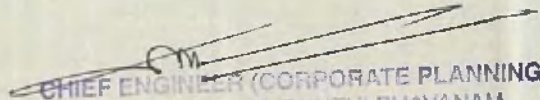

CHIEF ENGINEER (CORPORATE PLANNING)
K.S. ENGINEERING COLLEGE, ERANAM
PATTOMBU, KERALA STATE ENGINEERING COLLEGE SYSTEM (04)

SCHEDULE 5**START-UP POWER MEASURING PROCEDURE**

Energy required for starting the generation from the Project shall be drawn through Board's transmission system and shall be measured by energy meter provided at Interconnection Point. The units of such energy drawn from Board's transmission system during any billing period shall be deducted from the energy delivered by Company to the Board in the same billing period. The bills shall be prepared on net energy basis.

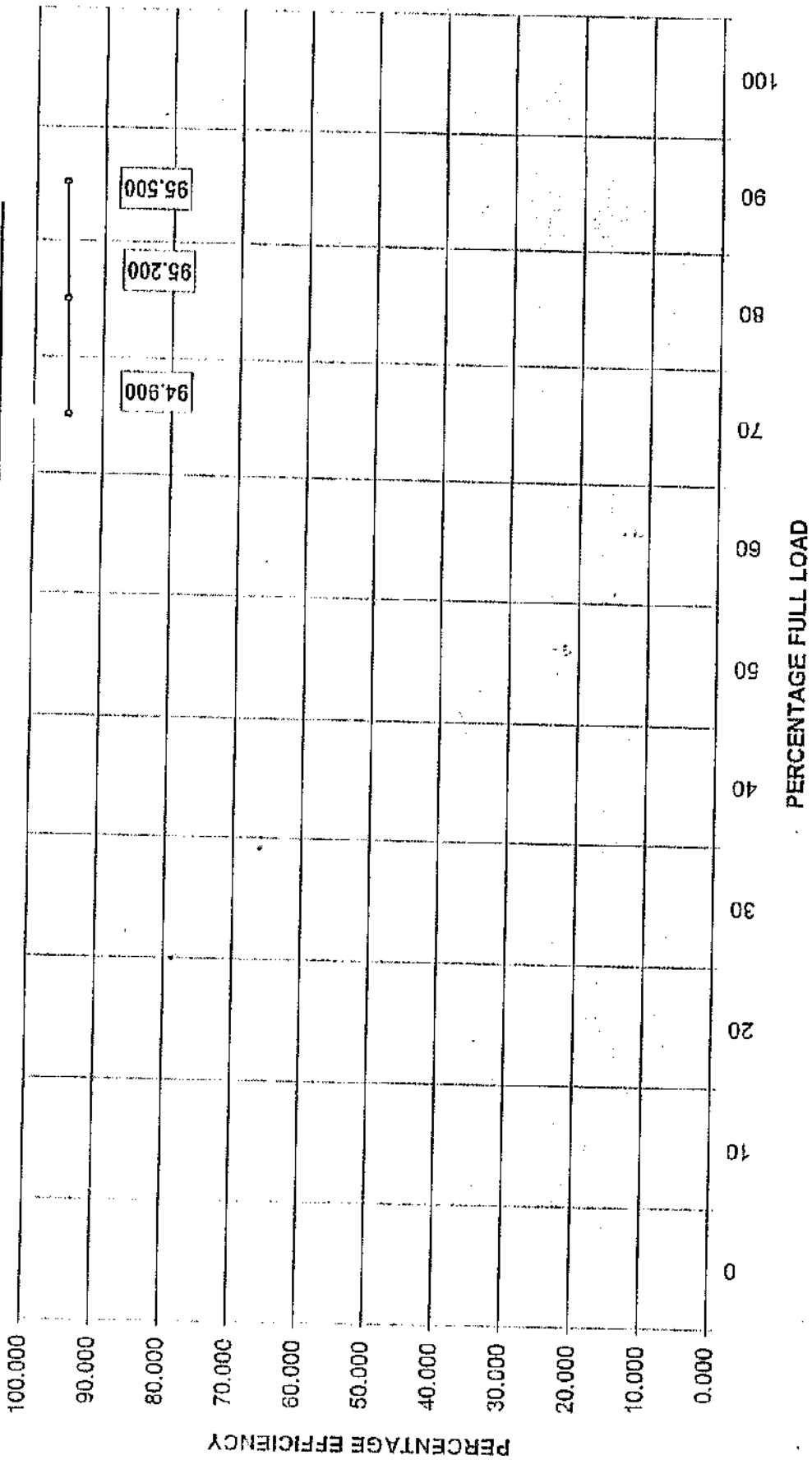
For Palakkad Small Hydro Co. Ltd.


Subaida Ishaq,
Chairperson.


CHIEF ENGINEER (CORPORATE PLANNING)
K.S.E BOARD, VYDYUTHI BHAVANAM
PATTOM, THIRUVANANTHAPURAM-695 004

ANNEXURE 1

Meevallom Small Hydel Project
EFFICIENCY OF GENERATORS AT VARIOUS LOADS



For Polakkad Small Hydro Co. Ltd.

[Signature]

~~CHIEF ENGINEER (CORPORATE PLANNING)~~
 K. S. SIVANANDAN, A. K. SATHYANARAYANAN
 PATTOMBI, K. S. SIVANANDAN, A. K. SATHYANARAYANAN-695 004



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D 127580

SUPPLEMENTARY POWER PURCHASE AGREEMENT
 BETWEEN
 KERALA STATE ELECTRICITY BOARD LIMITED
 AND
 PALAKKAD SMALL HYDRO COMPANY LIMITED

This Supplementary Power Purchase Agreement hereinafter called the "Supplementary Agreement" entered into at Thiruvananthapuram on^{7th}..... day of.....^{May}.....(Month).....²⁰¹⁵.....(Year), between Kerala State Electricity Board Limited, a company formed and incorporated under the Companies Act, 1956, having its registered office at Vydyuthi Bhavanam, Pattom, Thiruvananthapuram, hereinafter referred to as 'KSEBL' (which expression shall, unless repugnant to the context or meaning thereof, include its successors and permitted assignees) as a party of the First part, AND

Palakkad Small Hydro Company Ltd, a company incorporated under the Companies Act 1956, having its registered office at District Panchayat Buildings, Palakkad 678001, hereinafter referred to as 'the Company' (which expression shall wherever

For Palakkad Small Hydro Co. Ltd.

T.N. Kandamuthan
 T.N. Kandamuthan
 Chairman

[Signature]
 CHIEF ENGINEER

(Corporate Planning)
 KSE Board, Vydyuthi Bhavanam
 Pattom, Thiruvananthapuram



No:.....⁸⁵⁷.....

Value Rs:.....^{500/-}.....

Sold to:.....*[Handwritten Name]*.....

Date:.....*[Handwritten Date]*.....

[Handwritten signatures and notes in Malayalam]

[Signature]

C. PRABHAKARAN
 C.J.M. COURT VENDOR
 PALAKKAD



the context so permits means and includes its successors, administrators, executors and assignees as well) of the Second part.

Each of the parties of the first and second part above shall be collectively referred to as the "Parties".

WHEREAS

The erstwhile Kerala State Electricity Board (KSEB) had entered into a Power Purchase Agreement on 23.01.2007 (hereinafter referred to as "PPA") with Palakkad Small Hydro Company Ltd (PSHCL) for purchase of power from the 3 MW Meenvallom small hydro project as per terms and conditions contained in the PPA.

AND

- A. As per clause 8.2 of the said PPA, in respect of infirm energy, that is the sale of energy if any to KSEB prior to Commercial Operation of the project, shall be at a rate Rs. 0.18 per unit,
- B. As per clause 8.4 of the PPA, the tariff shall be Rs. 2.50 per unit for the first 5 years from the date of CoD and Rs. 2.12 per unit for the next 20 years,
- C. Clause 3.3 of the PPA is on the delay in completion of project on account of the Company,
- D. Clause 3.4 deals with the delay of entry into commercial service on account of KSEB, and
- E. Clause 14.1(c) of the PPA is on the dispute resolution

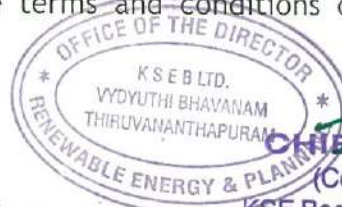
WHEREAS

The Company filed a petition before KSERC seeking its intervention for reviewing and modifying the above clauses in the PPA and the KSERC vide its order dated 12.01.2015 in Petition No. OP 05/2014 has ordered that:

- i. Preferential tariff of Rs. 4.88 per unit is admissible for the energy generated from the project in accordance with the provisions of KSERC (Power procurement from renewable sources by distribution licensees) Regulations, 2013,
- ii. The above rate is applicable to infirm power also,
- iii. PSHCL may approach KSEBL and Government for their concurrence to apply the tariff of Rs. 4.88 and to modify the terms and conditions of the PPA

executed on 23.01.2007

For Palakkad Small Hydro Co. Ltd.
T.N. Kandamuthan
Chairman



CHIEF ENGINEER
(Corporate Planning)
KSE Board, Vidyuthi Bhavanam
Pattom, Thiruvananthapuram - 4

AND

Having considered the order of KSERC, KSEBL as per order B.O. (FTD) No. 712/ 2015 (DREP/Plg.III/Meenvallom/2014-15) dated 20.03.2015 accorded sanction to:

- i. amend the infirm tariff specified in clause 8.2 of the PPA to Rs. 4.88 per unit,
- ii. amend the tariff specified in clause 8.4 of the PPA to Rs. 4.88 per unit, subject to concurrence from the Government,
- iii. retain the clause 3.3 and 3.4 of the PPA as such,
- iv. replace 'Government' with 'KSERC' as the adjudicating authority for the project in clause 14.1(c),
- v. request the Government for its concurrence to amend the tariff and to modify the terms and conditions of the PPA, based on the order of KSERC dated 12.01.2015.

FURTHER

As per letter 7030/B1/14/PD dated 20.03.2015, Government directed KSEBL to adopt the order dated 12.01.2015 of KSERC in favour of PSHCL.

NOW, THEREFORE, in consideration of the premises and conditions set forth herein, it is hereby agreed by and between the Parties as follows:

1. Clause 8.2 in the PPA is amended as, 'in respect of infirm energy, that is the sale of energy if any to the KSEBL prior to Commercial Operation of the project shall be at a rate Rs. 4.88 per unit;
2. Clause 8.4 in the PPA is amended as, 'the tariff shall be Rs. 4.88 per unit from the date of CoD';
3. Clause 14.1(c) in the PPA is modified as, 'If the dispute is not amicably settled within 30 (thirty) days of such meeting between the two, the dispute may be referred to the KSERC, and the decision of the KSERC shall be binding on both Parties and shall be final'.

Except for the above, all other terms and conditions of the PPA dated 23.01.2007 shall remain unchanged and in full force and binding on the Parties hereto. This Supplementary Power Purchase Agreement shall be integral part of the PPA.

For Palakkad Small Hydro Co. Ltd.


T.N. Kandamuthan
Chairman

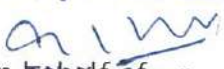



CHIEF ENGINEER
(Corporate Planning)
KSE Board, Vydyuthi Bhavanam
Patom, Thiruvananthapuram - 4


In WITNESS WHEREOF the parties have executed these presents on the date mentioned herein above.

SIGNED BY :

For Palakkad Small Hydro Co. Ltd.


For and on behalf of **Chairman**
Palakkad Small Hydro Company Ltd

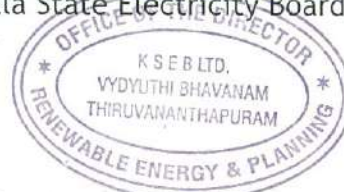
In the presence of witnesses:

1. 
E.C. Padmarajan
Chief Engineer,
PSE

2. 
COMPANY SECRETARY
PALAKKAD SMALL HYDRO CO. LTD.
DIST. PANNAYAM
PALAKKAD


SIGNED BY :


CHIEF ENGINEER
(Corporate Planning)
KSE Board, Vidyuthi Bhavanam
Pattom, Thiruvananthapuram - 4
For and on behalf of
Kerala State Electricity Board Ltd



In the presence of witnesses:

1. 
PADMAKUMAR. G
Executive Engineer (Plg-I)
Office of the Director (RE & P)
Kerala State Electricity Board Ltd.
Vidyuthi Bhavanam, Pattom
Thiruvananthapuram - 695 004

2. 
B. PRADEEP
Executive Engineer
@/g The Director (Renewable Energy & Planning)
Kerala State Electricity Board Limited
Vidyuthi Bhavanam, Pattom,
Thiruvananthapuram-695004