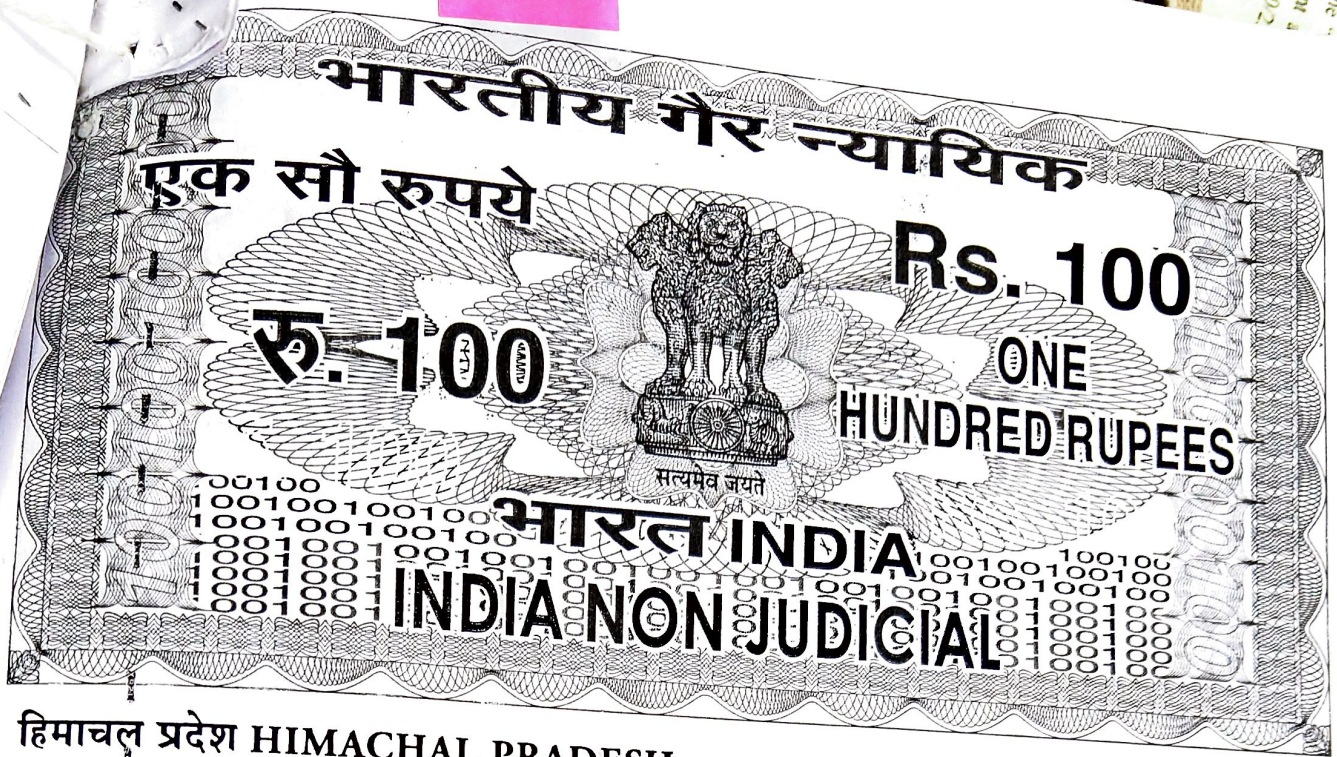




457896

LOAN AGREEMENT

This Agreement is made at Shimla on this 10th day of January, 2013

BETWEEN

Rural Electrification Corporation Limited (A Govt. of India Enterprise), a Company registered under the Companies Act, 1956 and having its registered office at Core - 4, SCOPE Complex, 7 Lodi Road, New Delhi-110003 and a Project Office at Pt. Padam Dev Commercial Complex, Phase -II, 1st Floor, The Ridge Shimla-1 (hereinafter referred to as 'REC' which expression shall include its successors and permitted assigns) **ONE PART.**

AND

H.P. Power Transmission Corporation Ltd, Company registered under Companies Act, 1956 and having its Registered / Head Office at Barowalia House, Khalini, Shimla- 171002 (hereinafter referred to as "the Borrower" which expression shall include its successors and permitted assigns) **OTHER PART.**

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

पी.एस. अतली / **P.S. Attli**

मुख्य परियोजना प्रबन्धक / Chief Project Manager
रूरल इलेक्ट्रिफिकेशन कारपोरेशन लिमिटेड / RECL
परियोजना कार्यालय: शिमला / Project Office: Shimla

परित चहलान
By: General Manager,
HPPTCL, Barowalia House,
Khalini, Shimla-171002

पी.एस. अतली / **P.S. Attli**
मुख्य परियोजना प्रबन्धक / Chief Project Manager
रूरल इलेक्ट्रिफिकेशन कारपोरेशन लिमिटेड / RECL
परियोजना कार्यालय: शिमला / Project Office: Shimla

परित चहलान
By: General Manager,
HPPTCL, Barowalia House,
Khalini, Shimla-171002

AND WHEREAS the Borrower vide letter even No. HPPTCL/Loan/Corn/10-4275&4760 dated 13.10.2010 & 27.11.2010, Fax dated 10.1.2011 and letter No. HPPTCL/ Loan/Corn/ 2011/3421-22 dated 29.08.2011 has sought term loan of Rs. 11549.42 lacs from REC for Construction of 220/33 KV GIS Pooling Substations at Palchan and Karian in Kullu and Chamba districts of Himachal Pradesh under P:SI(Transmission)category. Scheme code No. HP-TD-TRM-295-2010-3781 (hereinafter referred to as the Project) the details whereof are provided in Annexure -A, written hereunder, and forms part and parcel of the agreement.

AND WHEREAS REC has agreed to sanction the Term Loan of Rs. 11549.42 lacs (One Hundred fifteen crore forty nine lac and forty two thousand) only to the Borrower for the purpose(s) aforementioned and has conveyed the sanction of the Term Loan to the Borrower vide its Sanction Letter No. REC/PO/HP-TD-TRM-295-2010-3781/2011-12/1734/280 dated 27.10.2011 on the terms and conditions stated in the Sanction Letters (A Copies whereof are enclosed hereto as Annexure B). The terms and the conditions stated in Annexure B hereof are to be read along with the terms and conditions set forth hereinafter and form part and parcel of the present Agreement.

AND WHEREAS the Borrower has by its Resolution dated 31.12.2012 passed in the BODs the Managing Director/Director (P&C)/ Dy. General Manager (Fin.) are hereby authorized to sign legal documents of loan amounting to Rs.11549.42 lacs on behalf of HPPTCL with M/S REC Ltd. has agreed to accept the said loan on said terms and conditions

AND WHEREAS as per the terms and conditions contained in the Sanction Letter referred to above, the Borrower agrees and undertakes to secure the principal sum of the Term Loan, interest and other charges by way of an exclusive charge through hypothecation of all unencumbered moveable properties including moveable machinery, equipments, machinery spares, tools, implements and accessories installed and its all stocks of materials, equipments (hereinafter referred to as 'Movables') adequate to cover the loan amount, interest, penal interest and other charges. The aggregate value of the securities shall be 110% of the loan amount sanctioned as mentioned herein before:

- Hypothecation of future assets to be created out of project loan Rs. 11549.42 lacs sanctioned by REC 100% of term loan sanctioned.
- Hypothecation of future assets to be created with own funds Rs. 12832.69 lacs to be provided by the promoter/ HPPTCL Ltd. i.e. 10% of project cost.

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

पी.एस. अतली/P.S. Attli

मुख्य परियोजना प्रबन्धक/ Chief Project Manager
रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड/ RECL
परियोजना कार्यालय: शिमला/ Project Office: Shimla

AMRIT CHAUHAN

Dy. General Manager,
HPPTCL, Bara Balle House,
Shimla, S.O. No. 71092

पी.एस. अतली/P.S. Attli

मुख्य परियोजना प्रबन्धक/ Chief Project Manager
रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड/ RECL
परियोजना कार्यालय: शिमला/ Project Office: Shimla

AMRIT CHAUHAN

Dy. General Manager,
HPPTCL, Bara Balle House,
Shimla, S.O. No. 71092

NOW THIS AGREEMENT WITNESSETH AS UNDER:

1. REC will lend and advance to the Borrower the Term Loan of Rs. 11549.42 Lacs (One hundred fifteen crore forty nine lac and forty two thousand) only to be repaid along with interest and other charges over a period of 18 years from the date of disbursement of the first installment of loan. (as per Annexure B)
2. REC will make disbursement(s) of the Term Loan in installments, on REC being reasonably satisfied with the progress of the Project undertaken by the Borrower and more specifically in terms as laid down in the sanction letter.
3. The Borrower agrees and under-takes to secure the principal sum of the term loan, interest and other charges by way of an exclusive charge through hypothecation of all unencumbered moveable properties including moveable machinery, equipments, machinery spares, tools, implements and accessories installed and its all stocks of materials, equipments (hereinafter referred to as 'Movables') adequate to cover the loan amount, interest, penal interest and other charges. The aggregate value of the securities shall be 110% of the term loan sanctioned as summarized hereunder:-
 - i) Hypothecation of future assets to be created out of project loan Rs. 11549.42 lacs (One hundred fifteen crore forty nine lac and forty two thousand) only sanctioned by REC 100% of term loan sanctioned.
 - ii) Hypothecation of future assets to be created with own funds Rs. 12832.69 lacs to be provided by the promoter/ HPPTCL Ltd. i.e. 10% of project cost.
4. The Borrower shall repay loan with interest, penal and other charges in accordance with terms and conditions of the sanction letter. The Borrower shall make all payments of principal, interest, penal interest and other charges to REC at its Registered Office at New Delhi.

In the event of any installment of interest or principal not being paid to the Lender by the Borrower on the due dates and terms as indicated herein, the Borrower shall pay to the Lender a penal interest at prevailing rate per annum over and above the applicable rate of interest, on quarterly compounding basis, during the period of default. The prevailing rate for penal interest is 2% p.a.

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

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

पी.एस. अतली / P.S. Atli

मुख्य परियोजना प्रबन्धक / Chief Project Manager
रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड / RECL
विद्युत कार्यालय: शिमला / Project Office: Shimla

अमरिit चहलान
Dy. General Manager,
HPPTCL, Barotulla House,
Khalari, Shimla-171002

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मुख्य परियोजना प्रबन्धक / Chief Project Manager
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विद्युत कार्यालय: शिमला / Project Office: Shimla

अमरिit चहलान
Dy. General Manager,
HPPTCL, Barotulla House,
Khalari, Shimla-171002

fully complied with.

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

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

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

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

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

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

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

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

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

पी.एस. अतली/P.S. Attli

मुख्य परियोजना प्रबन्धक/Chief Project Manager
रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड/RECL
परियोजना कार्यालय: शिमला/Project Office: Shimla

DR. General Manager,
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रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड/RECL
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परियोजना कार्यालय: शिमला/Project Office: Shimla

Himachal Government Judicial Paper

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

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

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

प्रीत अतली / P.S. Atti

मुख्य परियोजना प्रबन्धक / Chief Project Manager
रूरल इलेक्ट्रिकेशन कारपोरेशन लिमिटेड / RECL
परियोजना कार्यालय: शिमला / Project Office: Shimla

SIGNED AND DELIVERED

प्रीत अतली / P.S. Atti

मुख्य परियोजना प्रबन्धक / Chief Project Manager
रूरल इलेक्ट्रिकेशन कारपोरेशन लिमिटेड / RECL
परियोजना कार्यालय: शिमला / Project Office: Shimla

SIGNED SEALED AND DELIVERED

By AMRIT CHANSHAY

On the behalf of HPTCL Ltd.
HPTCL, Barowala House
Khalini, Shimla-171092

In the presence of K. Chand

खेम चन्द / Khem Chand

- वरिष्ठ सहायक / Sr. Assistant
रूरल इलेक्ट्रिकेशन कारपोरेशन लिमिटेड / RECL
परियोजना कार्यालय: शिमला / Project Office: Shimla

2. Sunil Dahi
ASST - 1

In the presence of Hari Lal Varna, etc.

- Hari Lal Varna, etc.
HPTCL, Khalini, Shimla-2

2. VIVEKA NAND
Suptt. (A/P)
HPTCL, Khalini Shimla-2

Director (Plg & Contract)
H.P. Power Transmission Corp. Ltd.
Barowala House, Khalini, Shimla-2

Director (Projects),
HPTCL, Barowala House,
Khalini, Shimla-171092

No. 2175358

2012

Himachal Government Judicial Paper

Annexure -A

(Rupees in lac)

Sr. No.	Scheme code No.	Name of Scheme	From REC Fund (in lacs)	From HPPTCL Own share (in lacs)	Cost of the project (in lacs)
1.	3781	Construction of 220/33 KV GIS Pooling Substations at Palchan and Karian in Kullu and Chamba districts of H.P.	11549.42	1283.27	12832.69
		G.Total	11549.42	1283.27	12832.69

पी.एस. अतली / P.S. Attili
 मुख्य परियोजना प्रबन्धक / Chief Project Manager
 रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड / RECL
 परियोजना कार्यालय: शिमला / Project Office: Shimla

ANNEXURE -B

(Rs. In Lac)

Sr. No.	Scheme code No.	Category	REC Sanctioned letter No REC/POHP-TD-TRM-2954-2010- 3781/2011-12/1734/280 dated 27.10.2011	Loan Amount Sanctioned	
1.	3781	P: SI (Transmission)	Construction of 220/33 KV GIS Pooling Substations at Palchan and Karian in Kullu and Chamba districts of H.P.	11549.42	In Kullu and Chamba Districts

पी.एस. अतली / P.S. Attili
 मुख्य परियोजना प्रबन्धक / Chief Project Manager
 रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड / RECL
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AMRIT CHAUDHARY
 Dy. General Manager,
 HPPTCL, Baro, Vello House,
 Khalari, Shimla-171002