

WP 19316103

AMENDED AND RESTATED
POWER PURCHASE AGREEMENT

between

GVK INDUSTRIES LIMITED

and

ANDHRA PRADESH STATE ELECTRICITY BOARD

h Dated as of 19, APRIL, 1996 h

Combined-Cycle Thermal Power
Generation Station
Jegurupadu, Andhra Pradesh, India

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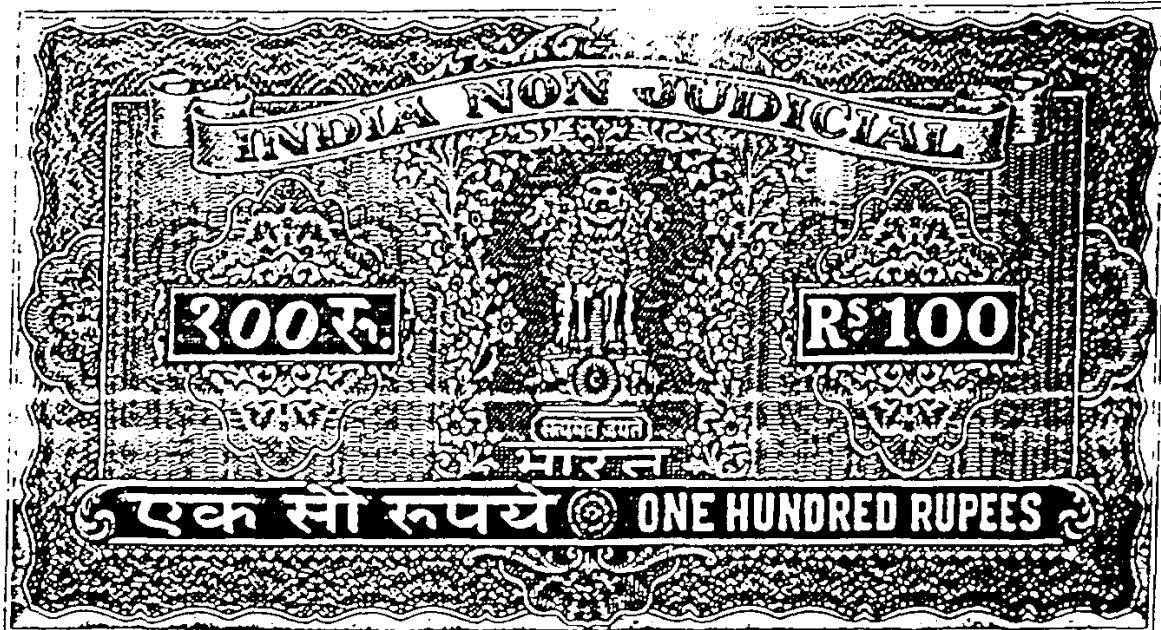
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100RS



No. 39110 Dated 11-6-96 Re 100/- 83428
 Sent to N. S. Sridhar, Sec. A.P. State Elec. Bd. Hyd.
 To whom GVK Industries Ltd. Hyd.

AF-20-10 P. LAKSHMI,
 Stamp Vendor (L. No. 7191 RL No. 1755)
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 HYDERABAD-500 432

AMENDED AND RESTATED
 POWER PURCHASE AGREEMENT

BETWEEN

ANDHRA PRADESH STATE ELECTRICITY BOARD

AND

GVK INDUSTRIES LIMITED

This Amended and Restated Power Purchase Agreement (this "Agreement"), entered into on this nineteenth day of April, 1996, between Andhra Pradesh State Electricity Board, constituted under the Indian Electricity (Supply) Act, 1948 and having its office at Vidyut Soudha, Hyderabad - 500 049 (hereinafter referred to as the "Board", which expression shall, unless repugnant to the context or meaning thereof include its successors and assigns), as Party of the first part, and GVK Industries Limited, a company incorporated under the Indian Companies Act, 1956 and having its registered office at Road No.1, Banjara Hills, Hyderabad-500 034 (hereinafter referred to as the "Company", which expression shall, unless repugnant to the context or meaning thereof, include its successors

FOR GVK INDUSTRIES LIMITED.

G. V. KRISHNA REDDY
 Chairman & Managing Director,

J. PARTHASARATHY
 CHAIRMAN
 A.P. STATE ELECTRICITY BOARD
 VIDYUT SOUDHA, HYDERABAD - 500 049
 INDIA

and assigns), as Party of the second part. Except as otherwise provided in Article 4.2 hereof, this Agreement amends, restates and supersedes in its entirety the Modified Power Purchase Agreement between the Parties, dated as of 4 July, 1994:

WHEREAS the Government of Andhra Pradesh (hereinafter called "GAP") and the Board had expressed the desire to establish a Combined - cycle Gas - Based Power Station of 400 MW capacity at Jegurupadu in Andhra Pradesh, India and the Company, having been selected by the GAP to establish the said Power Station, had accepted the proposal of the Board and the GAP to set up the said power station with a gross capacity of 216 MW at Site Reference Conditions (235 MW at ISO Conditions), for the first stage (with the allocated gas of 0.75 million cubic meters per day (mcmd) for the operation of two combustion turbines and with the third combustion turbine operating on balance of gas (if any) and Supplementary Fuel) designed for operation with gas, Supplementary Fuel or Alternate Fuel (to which such first stage of 216 MW at Site Reference Conditions (235 MW at ISO Conditions) only shall this Agreement apply);

WHEREAS the Company and the Board (each a "Party" and, collectively, the "Parties") have entered into a Power Purchase Agreement dated June 17, 1993 and a Supplementary Agreement thereto of even date therewith (collectively, the "Original PPA"), pursuant to which, among other things, the Company has agreed to sell, and the Board has agreed to purchase, the energy generated by the power station;

WHEREAS, the Parties have modified the Original PPA and have entered into a Modified Power Purchase Agreement dated July 4, 1994 (the "Modified Power Purchase Agreement");

WHEREAS, the Parties mutually desire to further amend and restate the Modified Power Purchase Agreement;

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

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ARTICLE I
DEFINITIONS

1.1 Definitions: For the purposes of this Agreement.

- i) **Acceptance Date:** means, with respect to a Generating Unit or the Project, the date on which the Company has successfully completed the performance test conducted which leads to Provisional Performance Acceptance of the relevant Generating Unit or the Project, as applicable; the test procedure for which is made a part of this Agreement and attached hereto as Schedule F.
- ii) **Alternate Fuel:** means naphtha and, to the extent naphtha is not available, any fuel other than gas or naphtha, such as low sulphur heavy stock, furnace oil and the like, that can be used, by one or more units of the Project to generate power from the Project, in substitution for gas.
- iii) **Ambient Temperature:** means in relation to a Settlement Period the average external temperature at the Project site determined on the basis of temperature data collected at the Project site by the Company (for which data collection a representative nominated by the Board shall have the right to be present).
- iv) **Authority:** means the Central Electricity Authority referred to in ^{section} ~~Article~~ 3 of the Indian Electricity (Supply) Act, 1948 or any successor entity entrusted with its functions and capacities.
- v) **Auxiliary Consumption:** means Auxiliary Consumption as set forth in the Prescribed Parameters.
- vi) **Billing Date:** means the fifth (5th) day after the last day of each Billing Month.

- vii) **Billing Month:** means each of (A) the period commencing on the Commercial Operation Date of the first Generating Unit and ending on (and including) the last day of the calendar month in which the Commercial Operation Date of the first Generating Unit occurs and (B) each calendar month thereafter.
- viii) **Calorific Value (Gross) or GCV of Gas, Supplementary Fuel or Alternate Fuel:** means, for the purpose of calculating the Variable Charge Payment for each Billing Month, the average gross calorific content per designated unit of gas, Supplementary Fuel or Alternate Fuel consumed during such Billing Month, determined in each case on such basis as may be mutually agreed upon between the Parties before the date of Financial Closing.
- ix) **Capacity Notice:** means a notice declaring the Declared Capacity of the Project for all Settlement Periods in a day given in accordance with the procedures referred to in Article 2.6(a).
- x) **Capital Cost:** means the cost (expressed in Rupees) actually incurred by the Company in completing the Project, provided that costs in excess of the ceiling cost set forth in Schedule E agreed upon by the Company and the Board, with approval of GAP (the "Capital Cost Ceiling"), which amount is less than the capital cost approved in the techno-economic clearance of the Authority dated November 25, 1993, and is as per foreign exchange rates assumed in the techno-economic clearance of the Authority as set out in Schedule E, shall not be included as "Capital Cost" except to the extent that the Authority approves such excess costs as not having been attributable to the fault of the Company or its suppliers or contractors. In determining the amount of costs actually incurred in completing the Project, account shall

be taken of (i) project costs incurred in foreign currency converted to Rupees at the TT Buying Rate prevailing on the date that such costs are incurred by a drawdown of Foreign Debt or a contribution of Foreign Equity, (ii) any reduction in the project cost through the application of liquidated damages received under the Construction Contract, as provided under clause (iii) of Article 8.1(I) and Explanation 1 of this provision, (iii) Interest During Construction at the rates for Debt (including variable interest rates) set out in the financing package approved by the Authority and (iv) any excess insurance proceeds paid to the Company (after meeting the cost of repair and replacement attributable to loss or damage). A sample calculation illustrating the principles of the application of liquidated damages is provided in Schedule E to the Agreement. In case the actually incurred cost is less than the Capital Cost Ceiling, the lesser cost shall be taken as the Capital Cost.

The Company shall submit half-yearly reports certified by the Company's independent auditors (the "Actual Cost Reports") to the Board and the Authority of the Capital Cost actually incurred in completing the Project, as determined in accordance with generally accepted accounting principles. The Company shall permit access to papers, documents and records as may be considered necessary by the Board and the Authority at the time of approval of final cost. During the period between the Combined Cycle COD and the delivery of the Actual Cost Reports on completion of the Project, and approval of the Capital Cost by the Authority, the Company will use as the Capital Cost Ceiling as its provisional Capital Cost for purposes of tariff calculation. When the actual Capital Cost is approved by the Authority, the amount of overcharge or undercharge resulting from the use of the provisional Capital Cost for purposes of tariff calculation will be refunded to or paid by (as the case may be) the Board in twelve equal payments at the time of the

payment of the next twelve monthly Tariff payments after such finalization.

Explanation 1:

(a) In the event of a shortfall in Installed Capacity of the Project at the Combined Cycle Acceptance Date as determined in the performance test which leads to Provisional Performance Acceptance of the Project (as provided in Schedule F hereto) such that the Installed Capacity of the Project is less than 216 MW, for the purposes of calculating the Tariff, the amount of Capital Cost, each element of Debt and Equity and each Debt Repayment shall be reduced proportionately with effect from the Combined Cycle COD but only until the Installed Capacity of the Project is determined in the performance test which leads to Final Performance Acceptance of the Project (as provided in Schedule F hereto).

(b) Subject to clause (c) below, in the event of a shortfall in Installed Capacity of the Project as determined in the performance test which leads to Final Performance Acceptance of the Project described in Schedule F such that the Installed Capacity of the Project is less than 216 MW, for purposes of calculating the Tariff, the amount of Capital Cost, each element of Debt and Equity and each Debt Repayment (each as prevailing prior to the adjustment (if any) pursuant to the first sentence of this paragraph) shall be reduced proportionately with effect from the date that the construction contractor for the Project delivers a certificate to the Company setting forth such Installed Capacity.

(c) If the amount of liquidated damages paid to the Company under the Construction Contract for a shortfall in Installed Capacity of the Project (as determined in the performance test which leads to Final Performance

Acceptance of the Project described in Schedule F) is greater than the reduction in Capital Cost resulting from the application of the foregoing clause (b), then the reductions in Capital Cost, Debt, Equity and Debt Repayment set forth in clause (b) shall not be made, and for purposes of calculating the Tariff, the Capital Cost (as prevailing prior to the reduction set forth in clause (b)) shall be reduced by the amount of the liquidated damages paid to the Company and each element of Debt and Equity and each Debt Repayment (each as prevailing prior to the reduction set forth in clause (b)) shall be reduced by an amount obtained by multiplying the amount of such element of Debt or Equity or the amount of such Debt Repayment by a fraction equal to (A) the reduction in Capital Cost set forth in this clause (c) divided by (B) the Capital Cost prior to such reduction. The reduction in Capital Cost, Debt, Equity and Debt Repayment set forth in this clause (c) shall take effect from the date payment for liquidated damages is received by the Company.

(d) The Capital Cost shall not be increased solely for the reason that the Installed Capacity of the Project as determined in the performance test which leads to Final Performance Acceptance of the Project described in Schedule F is greater than 216 MW.

Explanation 2: The Capital Cost shall not include Margin Money (if any) towards Working Capital.

Explanation 3: The Capital Cost shall be subject to any increases or decreases as set forth in the other provisions of this Agreement.

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Combined Cycle Acceptance Date: means, the Acceptance Date of the Project in combined cycle mode, which shall be the date on which the Company has successfully completed the performance test conducted

which leads to Provisional Performance Acceptance of the Project (as provided in Schedule F hereto).

- xii) **Combined Cycle COD:** means, the Commercial Operation Date of the Project in combined cycle mode, which shall be the date on which the Project operating in combined cycle mode is first synchronised to the grid system of the Board.
- xiii) **Commercial Operation Date or COD:** means, with respect to a Generating Unit, the date on which such Generating Unit is first synchronised to the grid system of the Board.
- xiv) **Construction Contract:** means any of the Agreement for Supply (Ex-Works Indian Factory) between GVK Industries Limited ("Owner") and Asea Brown Boveri Limited ("Supplier") dated August 17, 1994, the Agreement for Engineering and Construction Services between GVK Industries Limited ("Owner") and Asea Brown Boveri Limited ("Contractor") dated August 17, 1994 and the Agreement for Supply (C & F) between GVK Industries Limited ("Owner") and ABB Kraftwerke Aktiengesellschaft ("Supplier") dated August 17, 1994 as such agreements may be amended from time to time.
- xv) **Current Rate of Exchange:** means, the TT Selling Rate on the date on which, pursuant to the applicable provisions of this Agreement, a currency conversion amount is to be calculated.
- xvi) **Debt:** means the amount of any loan, debenture or other similar obligation, contracted or raised and received by the Company under the Financing Documents, as more specifically set forth in Schedule E attached hereto, in accordance with the financing package approved by the Authority in consultation with the Board, but only to the extent that the proceeds of such capital contribution are

exclusively utilized on the Capital Cost of the Project, including any changes thereof pursuant to Article 1.1(x).

- xvii) **Debt Repayment:** means, in relation to a specified period, the amount of Debt which the Company is due to repay in such period in accordance with the financial package approved by the Authority, denominated in the currency or currencies in which the Debt was borrowed.
- xviii) **Declared Capacity:** means in any Settlement Period, maximum output the Project is capable of generating in that Settlement Period at the Interconnection Point at an Ambient Temperature of 29°C and a grid system frequency of 50 Hz (expressed in MW) determined in accordance with Article 2.6.
- xix) **Deemed Generation:** shall have the meaning set forth in the explanation to Article 3.10.1.
- xx) **Default Interest Rate:** means, in relation to an overdue amount owed by the Board which is subject to an Exchange Rate Adjustment pursuant to Article 3.3.2, an annual rate of interest equal to 2.5% in excess of the relevant Foreign Currency Rate and in relation to any other overdue amount owed by either Party, an annual rate equal to 3.3% in excess of the rate which is offered from time to time by the State Bank of India as its commercial lending rate for short term loans to its most creditworthy customers.
- xxi) **Depreciation:** means the sum of the amounts of depreciation on buildings, equipment and other capital facilities of the Project at the rates specified by the GOI on the date hereof, under the Electricity Supply Act, 1948, (as per the GOI notification attached hereto as Schedule D), and in respect of any asset, shall cease so soon as its net book value equals the residual value i.e.,

10 percent of its original cost as included in the Capital Cost.

- xxii) **Direct Indian Political Event:** shall have the meaning set forth in Article 11.1(b)(ii)(2) hereof.
- xxiii) **Due Date of Payment:** means, with respect to any bill, the date on which the amount of such bill becomes due for payment, which date shall be 30 days from the date of its presentation to the designated officer of the Board.
- xxiv) **Emergency:** means a condition on the Board's electrical system which threatens the safe and reliable operation of such system or which is likely to endanger life or property, where the threat to safe and reliable operation of such system or endangerment to life or property would be directly and materially adversely enhanced unless there is a change in the level of generation on the portion of the grid system where the Project is located, where such condition could not have been prevented or cannot be corrected through prudent and reasonable action (taking into account conditions in India) by the Board.
- xxv) **Energy Unit:** means one kilowatt Hour ("kWh") of Electrical Energy.
- xxvi) **Equity:** means the amount contributed towards the share capital of the Company, as more specifically set forth in Schedule E attached hereto and in accordance with the financial package to be approved by the Authority, but only to the extent that the proceeds of such capital contribution are exclusively utilized on the Capital Cost of the Project, including, Without Limitation, any changes thereof pursuant to Article 1.1(x).
- xxvii) **Financial Closing:** means the date of signing of the Financing Documents and fulfillment or waiver of all

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conditions precedent to the initial availability of funds under the Financing Documents.

- xxviii) **Financing Documents:** means the loan agreements, notes, indentures, security agreements, letters of credit, and other documents relating to the financing of the Project which the Company has been authorized to raise in accordance with the financial package approved by the Authority as the same may be amended, supplemented or modified from time to time, which amendment, supplement or modification shall be subject to the approval of the Board (not to be unreasonably withheld or delayed) if as a result there is a change in the amount of the Tariff.
- xxix) **Fixed Charge:** shall have the meaning set forth in Article 3.2 hereof.
- xxx) **Fixed Charge Computation Date:** shall have the meaning set forth in Article 3.3.1 hereof.
- xxxi) **Forced Outage:** means any interruption of the generating capability of the Project that is not a Maintenance Outage or a Scheduled Outage.
- xxxii) **Foreign Currency Rate:** means in relation to an amount in foreign currency, the annual rate of interest equal to the average of (i) the annual rate of interest for the US Dollar-denominated "A" loans made by the International Finance Corporation to the Company as set forth in the financial package approved by the Authority weighted by the amount of such loans and (ii) the annual rate of interest for the DM-denominated "B" loans made by the International Finance Corporation to the Company as set forth in the financial package approved by the Authority weighted by the amount of such loans.

- xxxiii) **Foreign Debt:** means Debt which is denominated in a currency other than Rupees in accordance with the financial package approved by the Authority.
- xxxiv) **Foreign Debt Repayment:** means in relation to a specified period the amount of each Debt Repayment in respect of Foreign Debt which is scheduled to be made in that period in accordance with the financial package approved by the Authority.
- xxxv) **Foreign Equity:** means Equity paid up or contributed in a currency other than Rupees, in accordance with the financial package approved by the Authority.
- xxxvi) **Foreign Exchange Variation for Debt Repayment:** means in relation to Foreign Debt Repayment for a specified period, for each foreign currency the difference between the rupee equivalent of the Foreign Debt Repayment computed at the weighted average of the Current Rates of Exchange for the relevant currency on the date each amount of foreign debt was drawn down and the rupee equivalent of the Foreign Debt Repayment computed at the relevant Current Rate of Exchange as of the Fixed Charge Computation Date.
- xxxvii) **Fuel Cost:** means the as delivered cost of gas, Supplementary Fuel and Alternate Fuel under the fuel supply contracts entered into by the Company or otherwise in accordance with the provisions of this Agreement, including all transportation charges and all taxes, duties and cesses, but excluding charges attributable to minimum fuel off-take obligations under such fuel supply contracts.
- xxxviii) **GAP:** means the Government of Andhra Pradesh and its successors.

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- xxxix) **GAP Guarantee:** mean the guarantee to be provided to the Company by the GAP in the form mutually agreed upon.
- xxxx) **Gas or gas:** means the natural gas purchased by the Company under the Gas Supply Contract from the Gas Authority of India Limited or gas purchased by the Company from any successor agency or any third party supplier where such third party supplier is approved by the Board.
- xli) **Gas Supply Contract:** means the contract dated as of February 16, 1993, between M/s. GVK Industries, as buyer, and Gas Authority of India Limited, as seller, for the supply of gas to the Project, as such contract may be supplemented, amended or renewed from time to time subject to Article 8.1(j) hereof.
- xlj) **Generating Unit:** means one combustion or steam turbine generator and the equipment and facilities ancillary thereto.
- xljii) **GOI:** means the Government of India and its successors.
- xliv) **GOI Counter-Guarantee:** means the guarantee to be provided to the Company by the GOI in the form mutually agreed upon.
- xlvi) **Government Agency:** shall mean any local, State or Central Government in India or any department or instrumentality or agency thereof.
- xlvi) **GVK Group:** means Mr. GVK Reddy (GVK) (which includes his successors/assigns), associates/other associated firms and companies, Shareholders of GVK Hotels Ltd., Hotel Shree Krishna Ltd., and Novopan Industries Ltd., friends, relatives and associates all of whom have authorized GVK to represent them.

- xlvi) Indian Political Event: shall have the meaning set forth in Article 11.1(b)(ii) herein.
- xlvi) Indirect Indian Political Event: shall have the meaning set forth in Article 11.1(b)(ii)(1) herein.
- xlix) Initial Tariff Year: means the one year period commencing with the Combined Cycle COD.
- l) **Installed Capacity:** means the maximum electrical generating capacity of the Project or a Generating Unit, as the case may be, in Megawatts ("MW") at the generator terminals determined at the actual site conditions at the time of the test (and adjusted to account for the difference, if any, between such site conditions and the Site Reference Conditions in accordance with the correction curves set forth in Exhibit A and Schedule F hereto). Subject to the foregoing, the Installed Capacity of the Project shall be as set forth in a certificate delivered to the Company by the construction contractor for the Project based upon the performance test which leads to Final Performance Acceptance of the Project described in Schedule F (and until such test is completed, commencing on the Combined Cycle COD Installed Capacity of the Project shall equal (i) until the Combined Cycle Acceptance Date, the gross electrical output at Site Reference Conditions in combined cycle mode specified in Exhibit D and (ii) thereafter, the capacity as determined by the performance test conducted which leads to Provisional Performance Acceptance of the Project as provided in Schedule F hereto) and the Installed Capacity of each Generating Unit shall equal (i) until the Acceptance Date of such Generating Unit, the gross electrical output at Site Reference Conditions for such Generating Unit specified in Exhibit D and (ii) thereafter, the capacity as determined by the performance test conducted which leads to Provisional Performance

Acceptance of the relevant Generating Unit in accordance with the procedures set forth in Schedule F hereto, at which tests the Board shall have the right to be present (upon not less than 7 days prior notice).

- li) **Interconnection Facility:** means all the facilities to be installed by or for the Board on the Board's side of the Interconnection Point to enable the Board to receive and utilize power from the Project in accordance with this Agreement, and includes the electrical metering system.
- lii) **Interconnection Point:** means the point at the outlet side of the 220 kilovolt (kV) feeder breaker where the Project and the grid system of the Board are connected in the Project switch yard.
- liii) **Interest During Construction:** means the amount of the progressive liability incurred by the Company for the payment of interest on Debt up to the Combined Cycle COD as capitalized; provided, however, that the interest on Debt shall not be capitalized (i) to the extent that such interest is included as a component of the Fixed Charge paid by the Board pursuant to Article 3.2.2 hereof and (ii) to the extent that the liability for the payment of such interest by the Company arises after the Scheduled Date of Completion. An increase in Interest During Construction shall not result in an increase in the "Capital Cost Ceiling" set forth in Schedule E.
- liv) **Interest on Debt:** means, in relation to a specified period, an amount equal to the interest accrued on the outstanding Debt during such period (determined on the basis of financial package approved by the Authority and taking account of all scheduled Debt Repayments) and in the case of Debt bearing a floating rate of interest (as set forth in the financial package approved by the Authority) calculated on the basis of the relevant Reference Interest Rates for that period interest is due and in the case of

Foreign Debt converted into Rupees at the relevant Current Rate of Exchange specified in this Agreement.

- lv) ISO Conditions: shall have the meaning ascribed thereto in International Standards Organization, ISO 3977 (2d edition), dated 15 November 1991.
- lvi) Law and Change in Law: has respectively the meaning ascribed thereto in Article 12 hereof.
- lvii) Lenders: means the parties (other than the Company) to the Financing Documents.
- lviii) Maintenance Outage: means an interruption or reduction of the generating capability of the Project that (i) is not a Scheduled Outage; (ii) has been scheduled and allowed by the Board in accordance with paragraph (7) of Schedule C; and (iii) is for the purpose of performing work on specific components, which work could be postponed by at least two (2) days but should not, in the reasonable opinion of the Company, be postponed until the next Scheduled Outage.
- lix) Maintenance Year: means each twelve (12) month period commencing at 2400 hours Indian standard time on 30 June and ending at 2400 hours Indian standard time the following 30 June during the term of this Agreement.
- lx) Margin Money: means any amount sanctioned as part of Debt by any lender along with Debt or by raising Equity or otherwise intended for use for the purpose of Working Capital.
- lxi) Metering Date: means (A) the first day of the calendar month following the month in which the Commercial Operation Date of the first Generating Unit occurs and (B) the first day of each calendar month, thereafter.

- lxii) **Modified Power Purchase Agreement:** shall have the meaning ascribed thereto in the recitals to this Agreement.
- lxiii) **Naphtha Sales Agreement:** means the Naphtha Sales Agreement dated as of August 2, 1994, between GVK Industries Limited, as buyer, and Bharat Petroleum Corporation Limited, as seller, for the supply of naphtha to the Project as such contract may be supplemented, amended or renewed, from time to time subject to Article 8.1(j) hereof.
- lxiv) **Net Electrical Energy:** means, the Energy Units actually delivered by the Project and as metered at the Interconnection Point, net of electricity supplied by the Board to the Company after the COD of the first Generating Unit.
- lxv) **Net Generating Capacity:** means at any time the actual output the Project metered at the Interconnection Point (expressed in MW) adjusted to account for the difference, if any, between the Ambient Temperature and 29°C and any variation in grid system frequency from 50 Hz in accordance with the correction curves set forth in Schedule F.
- lxvi) **Non-Political Event:** means any event of Force Majeure specified in Article 11.1(b)(i).
- lxvii) **Notional Generation:** shall have the meaning set forth in Article 3.10.2.
- lxviii) **Not Limited to:** wherever used in this Agreement means only elements of the same class or category to which this phrase is applied and the principle of ejusdem generis shall apply in each such case. The term Without Limitation shall also have the same meaning.

- lxix) **Operation and Maintenance Expenses:** means the amount calculated in accordance with Article 3.2.1(b). Subject to the foregoing, Operation and Maintenance Expenses shall include all expenditure other than interest, depreciation, taxes on income, return on Equity and fuel costs, necessarily incurred by the Company, for efficient and economic generation of power by the Project and includes, but is Not Limited to, all staff related expenses, costs, royalties, taxes, duties and other Governmental charges in respect of spares for operation and maintenance, water and all other materials (excluding fuel), contracts, labor and other payments for running, repair, maintenance, (including replacement of parts) and overhaul of plant, equipments and works necessary for such generation in accordance with Prudent Utility Practices.
- lxx) **Permits:** means all formal and informal permits, licenses, visas, authorizations and approvals from all Government Agencies necessary for construction and operation of the Project in accordance with this Agreement.
- lxxi) **Plant Load Factor or PLF:** means in relation to a Tariff Year the ratio, expressed as a percentage calculated to the third decimal place, of (A) the sum of the number of Energy Units of (i) Net Electrical Energy (taking into account any reductions under Article 2.6), (ii) Deemed or Notional Generation, as the case may be, and (iii) Auxiliary Consumption to (B) (i) the Installed Capacity of the Project (expressed in kilowatts) multiplied by the number of hours during such Tariff Year; or (ii) in the case of the Tariff Year before the Combined Cycle COD, the sum of the following calculation determined for each period between the successive Commercial Operation Dates of the Generating Units: the number of hours during such period multiplied by the Installed Capacity

(expressed in kilowatts) as of the Acceptance Date of the combustion turbine Generating Unit whose Commercial Operation Date has been reached on or prior to the start of such period. In calculating the number of Energy Units attributed to the Auxiliary Consumption in clause (iii) above, the gross generation shall include the amount of electrical energy that would have been generated but for the occurrence of an event that results in Deemed Generation or Notional Generation, as may be applicable.

(Sample calculations enclosed)

lxii) *M* **Post-Event Notice:** means a notice issued by the Board redeclaring the Declared Capacity of the Project in one or more Settlement Periods in the circumstances described in Articles 2.6(b) and (c) in accordance with the procedures referred to in Article 2.6(g).

lxiii) **Prescribed Parameters:** means, the following operating parameters for the Project plant for the purposes of determination of the Tariff for supply of power by the Company to the Board namely:

- a) **Auxiliary Consumption** shall be 1.0 percent of gross generation of the Generating Units prior to the Combined Cycle COD and shall be 3.0 percent of gross generation of the Project on and after the Combined Cycle COD except that during a Stabilization Period, Auxiliary Consumption shall be 1.5 percent of gross generation of the Generating Units prior to the Combined Cycle COD and shall be 3.5 percent of gross generation of the Project on and after the Combined Cycle COD.
- b) **Station Heat Rate** shall be 2900 Kilo calories per kWh prior to Combined Cycle COD and 2000 Kilo calories per kWh after the Combined Cycle COD.

lxiv) **Project:** means the combined-cycle power station proposed to be established at Jegurupadu, in Andhra

Pradesh, India, consisting of three combustion turbine Generating Units and one steam turbine Generating Unit having a gross capacity of 216 MW at Site Reference Conditions (235 MW at ISO Conditions) with the allocated gas of 0.75 mcmd for the operation of two combustion turbines and with the third combustion turbine operating on balance of gas (if any) and Supplementary Fuel, subject to the Technical Limits.

lxxv) **Prudent Utility Practices:** means the range of practices, methods, techniques and standards, as changed from time to time, that are generally accepted internationally for use in electric utility industries taking into account conditions in India, and commonly used in prudent electric utility engineering and operations to design, engineer, construct, test, operate and maintain equipment lawfully, safely, efficiently and economically as applicable to power stations of the size, service and type of the Project; and that generally conforms to the manufacturers' operation and maintenance guidelines.

lxxvi) **Reference Interest Rate:** means in relation to Debt bearing a variable rate of interest in accordance with the financial package approved by the Authority, the reference rate of interest by which interest is adjusted in accordance with the Financing Documents setting out the terms under which such Debt was borrowed by the Company.

ROE / lxxvii) **Return on Equity:** means in relation to a specified period a return on the Equity during such period at a per annum rate of 16% and, in the case of Foreign Equity, converted to Rupees at the relevant Current Rate of Exchange.

lxxviii) **Revised Capacity Notice:** means a notice amending the Declared Capacity of the Project for one or more Settlement Periods from the level previously declared in

a Capacity Notice, a previous Revised Capacity Notice or a Post-Event Notice given in accordance with the procedure referred to in Article 2.6(g).

- lxxix) **Scheduled Bank:** means any bank at Hyderabad indicated by the Board and reasonably acceptable to the Company and the parties providing financing for the Project.
- lxxx) **Scheduled COD:** means, with respect to the first Generating Unit 6 months after the date of Financial Closing, with respect to the second Generating Unit 8 months after the date of Financial Closing, and with respect to the third Generating Unit 10 months after the date of Financial Closing, or such other date or dates as may be subsequently determined by mutual agreement.
- lxxxi) **Scheduled Date of Completion:** means, with respect to the Combined Cycle COD, that date which is 16 months after the date of Financial Closing, or such other date or dates as may be subsequently determined by mutual agreement of the Parties.
- lxxxii) **Scheduled Outage:** means a planned interruption of the generating capability of the Project that (i) is not a Maintenance Outage; (ii) has been scheduled and allowed by the Board in accordance with Schedule C except where paragraph (4) of Schedule C applies; and (iii) is for inspection, testing, preventive maintenance, corrective maintenance, repairs, replacement or improvement.
- lxxxiii) **Settlement Period:** means a sixty minute period beginning on the hour.
- lxxxiv) **Site Reference Conditions:** shall have the meaning ascribed thereto in Schedule F.

- lxxxv) **Sponsors:** means the GVK Group, CMS Generation Co., Asian Infrastructure Fund and Asea Brown Boveri Power Trade and Finance.
- lxxxvi) **Stabilization Period:** means, in respect of each Generating Unit, each ninety-day period commencing on the COD of the said Generating Unit and, in respect of the Project, the ninety day period commencing on the Combined Cycle COD.
- lxxxvii) **Station Heat Rate:** means the quantum, in Kilo Calories, of input heat energy required by the Project to generate one Energy Unit, in accordance with the Prescribed Parameters.
- lxxxviii) **Supplemental Bill:** means the bills for payment of taxes on income as specified in Article 3.4.1, adjustments to the Fixed Charge as specified in Article 3.10.1 and incentive payments as specified in Article 3.10.2.
- lxxxix) **Supplementary Fuel:** means naphtha which is expected to constitute approximately 26% of the Project's fuel in normal operations.
- xli) **Tariff:** means the tariff rate for the purchase of power to be paid by the Board under this Agreement, which shall be the sum of (A) the Fixed Charge (B) the Variable Charge Payment (C) the incentive or disincentive payments (if any) and (D) taxes on income, each as set forth in Article 3 hereof as further defined pursuant to the terms of this Agreement.
- xlii) **Tariff Year:** means, (i) prior to the Combined Cycle COD, the period between the COD of the first Generating Unit and the Combined Cycle COD; (ii) the Initial Tariff Year and (iii) thereafter, each one year period beginning on the expiry of the immediately preceding Tariff Year.

- xllii) **Technical Limits:** The limits and constraints described in Exhibit A hereto relating to the operation and maintenance of the Project.
- xlliii) **TT Buying Rate:** means, with respect to any foreign currency that is to be converted into Rupees in accordance with the provisions of this Agreement, the exchange rate as of 12:00 hours quoted from time to time by the State Bank of India as the Telegraphic Transfer (or TT) buying rate; provided, however, that if such rate is no longer quoted, the Parties shall agree to a reasonable alternative reference rate that reflects the rate at which the relevant foreign currency could be converted into Rupees on the relevant date.
- xlliv) **TT Selling Rate:** means with respect to the foreign currency, that is to be converted into Rupees in accordance with the provisions of this Agreement, the exchange rate as of 12:00 hours quoted from time to time by the State Bank of India as the Telegraphic Transfer (or TT) selling rate; provided, however, that if such rate is no longer quoted, the Parties shall agree to a reasonable alternative reference rate that reflects the rate at which the relevant foreign currency could be purchased with Rupees on the relevant date.
- xllv) **Variable Charge:** shall have the meaning set forth in Articles 3.5 and 3.8 hereof, as applicable.
- xllvi) **Variable Charge Payment:** shall have the meaning set forth in Article 3.6 hereof.
- xllvii) **Working Capital:** means as of each Fixed Charge Computation Date the amount, in Rupees, which is equal to the sum of the following amounts:
1. **Operation and Maintenance Expenses for one month** in the relevant Tariff Year.

2. Actual cost of one year's inventory of maintenance spares not exceeding 1% (one percent) of the Capital Cost (less one-fifth of the value of spares included in Capital Cost procured along with the equipment for the first five years).
 3. An amount equal to the difference between (a) Fuel Cost equivalent to one half of one month's consumption based on the average actual monthly consumption of the preceding 12 months (but not to exceed one half of one month's consumption based on 68.5% PLF) and (b) Fuel Cost of gas for one half of one month's consumption based on the average actual monthly gas consumption of the preceding 12 months; provided, however, if such difference is a negative number it shall be deemed to equal zero; provided, further, that such amount shall be limited to actual stocks of Naphtha relatable to 68.5% PLF.
 4. Twice the sum of (a) estimated monthly Fixed Charge amount calculated as of the Fixed Charge Computation Date payable by the Board during the applicable Tariff Year and (b) the average actual monthly Variable Charge Payment for the preceding Tariff Year disregarding monthly generation in excess of 68.5% PLF. For this purpose, the estimated monthly Fixed Charge amount and Variable Charge Payment amount for the Tariff Year prior to the Initial Tariff Year shall be arrived at based on a 68.5% PLF and such amount shall be recalculated as of the Commercial Operation Date of each Generating Unit.
- 1.2 All other words and expressions, used herein and not defined herein but defined in the Indian Electricity (Supply) Act, 1948 and applicable to this Agreement shall have the meanings, respectively, assigned to them as attached hereto as Exhibit B.



- 1.3 The provisions ("Explanation") of this Agreement that are preceded by the term "Explanation" are a substantive part of this Agreement and shall be legally binding upon the Parties to the same extent as the other provisions of the Agreement. Each Explanation shall be construed to apply to the Agreement as a whole and shall not be construed to apply solely to the provisions in which such Explanation appears.

ARTICLE 2 SALE AND PURCHASE OF ENERGY

2.1 Sale and Purchase of Energy

- (a) From and after the Commercial Operation Date of the first Generating Unit, subject to the provisions of this Agreement, the Company shall sell, and the Board shall purchase, for the consideration set forth in the Tariff, the entire capacity available and all energy generated by the Project from time to time, less auxiliary consumption from time to time, subject to such Dispatch Instructions as may be in effect. From and after the Acceptance Date of the first Generating Unit, the Company shall follow the directives of the Board to back down generation and to resume generation, in each case consistent with the Project's Technical Limits, Prudent Utility Practices and this Agreement and the other arrangements between the Company and the Board regarding communication and coordination of operations (each such directive by the Board to operate the Project at specified loading levels for specified durations for a Schedule Day deemed to constitute one "Dispatch Instruction"). No more than one Dispatch Instruction may be given each day in addition to Dispatch Instructions issued in response to an Emergency or upon the issuance of a Revised Capacity Notice as set forth in Article 2.6(a) or pursuant to Article 2.2(b) to avoid burning Alternate Fuel (but not Supplementary Fuel).

- (b) Except in an Emergency and except as provided in Article 2.2(b), no Dispatch Instruction shall require the Company:
- (i) to operate the Project in a manner which leads to a reduction in the gross generating capacity of more than 50% of the Declared Capacity for any period of time; or
 - (ii) to back-down generation from the Declared Capacity where the aggregate duration of back-down (including ramping time but excluding back-down in response to Emergencies and to avoid burning Alternate Fuel (but not Supplementary Fuel) in accordance with Article 2.2(b)) would exceed (A) 1200 hours in any Tariff Year and (B) 120 hours in any Billing Month prior to the Combined Cycle COD, unless the Board agrees to compensate the Company in accordance with Article 2.1(d).
- (c) The Board shall not be entitled to issue Dispatch Instructions in relation to individual Generating Units.
- (d) The Board shall not be required to reimburse the Company for any costs or damages incurred as a result of responding to Dispatch Instructions which the Board is permitted to give under this Article 2.1. If any Dispatch Instructions are issued that do not meet the requirements of Articles 2.1 and 2.2, the Board shall indemnify the Company for any reasonable increased operation and maintenance costs incurred in backing down and resuming generation and any reasonable increased operating and maintenance costs incurred in connection with the period of reduced generation, provided that the Company provides documentation demonstrating such costs to the Board.

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- (e) Any instruction issued by the Board to reduce generation because the Project is not being operated within the Technical Limits or in accordance with Prudent Utility Practices or this Agreement shall not constitute a Dispatch Instruction for the purposes of the limitations set forth in this Article 2.1.

2.2 Dispatch Procedure and Fuel Constraints

- (a) The Board shall notify the Company prior to the COD of the first Generating Unit and from time to time thereafter of the procedures for dispatch of the Project which shall be consistent with Prudent Utility Practices and the limitations set forth in Article 2.1 herein, and shall require the Company to inform the Board of the daily availability of Gas and the expected Ambient Temperature. Unless the Company objects in writing within 30 days after being notified of the dispatch procedures (or any amendments to them) that any of the proposed procedures are unfair or unreasonable or are inconsistent with the requirements of this Agreement, such procedures shall go into effect 60 days after the Company was notified of the procedures or such other date as the Parties may agree.
- (b) If the availability of Gas to the Project is reduced or if the Company becomes aware of any expected reduction in the availability of Gas to the Project after the Company has informed the Board regarding Gas availability for a particular day, the Company shall promptly notify the Board of such reduction or expected reduction and the Board may give another Dispatch Instruction to avoid burning Alternate Fuel (but not Supplementary Fuel) notwithstanding the limitation in Article 2.1(a). The Company may continue to operate the Project using Alternate Fuel to the extent of insufficient Gas at its Declared Capacity or consistent with the previous Dispatch Instruction, as the case may be, until such time

as the Board issues a new Dispatch Instruction. If there is insufficient Gas available to operate even one turbine Generating Unit entirely on Gas, the Board may require the Company to reduce generation to a level as low as the output of one turbine Generating Unit in combined cycle mode.

- (c) Except for Scheduled Outages, Maintenance Outages and Forced Outages, and consistent with the Technical Limits, the Company shall be entitled to operate the Project at its Declared Capacity during any hour for which the Board has not given a Dispatch Instruction. The Company shall not reduce generation at the Project solely for the reason that it has achieved the ceiling on PLF set forth in the last paragraph of Article 3.10.2 for the payment of the incentive.
- (d) Should the Company question the validity of the declaration of an Emergency in any Dispatch Instruction issued by the Board hereunder, it will nevertheless comply with such directive consistent with the Technical Limits and Prudent Utility Practices and any dispute regarding the proper issuance of any directive by the Board to back down or resume generation and the recovery as set forth in Article 2.1(d) of any costs incurred by the Company in complying with any directive not properly issued by the Board shall be resolved in accordance with Article 15 of this Agreement.
- (e) The Company shall ensure that the gas actually supplied under the Gas Supply Contract is used only for the operation of the Project.
- (f) After the Combined Cycle Acceptance Date, if the Board issues a Dispatch Instruction to reduce generation by the Project, then in carrying out such Dispatch Instruction the Company shall make reasonable efforts (consistent with the Technical Limits and Prudent Utility Practices) to

reduce the generation attributable to Alternate Fuel, then to reduce the generation attributable to Supplementary Fuel and lastly to reduce the generation attributable to gas.

- (g) The Company shall use reasonable efforts, subject to sufficient quantities of Gas being available to the Project, to ensure that during the period prior to the Combined Cycle COD, the first and second Generating Units that reach their respective Commercial Operation Dates are Generating Units that will operate using Gas as fuel and that the third Generating Unit to reach its Commercial Operations Date is a Generating Unit that will operate using Gas and Supplementary Fuel.

2.3 **Capacity Test:** If at any time during the term of this Agreement the Board reasonably believes the Company is in default pursuant to Article 10.3(q) hereof, the Board may request the Company to perform a test of the gross generating capacity of the Project, which test shall be conducted within thirty (30) days of the date the Board delivers notice of such request; provided, however, that such thirty (30) day period shall be extended by the duration of (i) any event of Force Majeure affecting the Company and (ii) any Scheduled Outage, Forced Outage or Maintenance Outage, during such period (as such period may be extended for the reason set forth in clause (i) and (ii) hereof). Such test shall consist of continuous, full load operation for twenty four (24) hours of the Project and shall be performed, to the extent practicable, in accordance with the procedures for the performance test which leads to Final Performance Acceptance of the Project set forth in Schedule F hereto. If it is determined pursuant to such initial test that the gross generating capacity is equal to or greater than the applicable threshold level specified in Article 10.3(q), the Board shall bear all expenses incurred by the Company in conducting such test. If it is determined pursuant to such initial test that the gross generating capacity is less than the applicable threshold level specified in Article 10.3(q), the

Company shall bear all expenses incurred by it in conducting such test. The Company shall have the right to re-perform the test at its own expense within six (6) months after the Board delivered its notice requesting the test and, during such period, the Company shall not be in default under Article 10.3(q) hereof. The Company may perform more than one test during such six (6) month period. If the Company is not able to demonstrate during such six (6) month period that the gross generating capacity is equal to or greater than the applicable threshold level specified in Article 10.3(q), then the Company shall be in default under Article 10.3(q).

2.4 Power Supplies by the Board

Upon the Company's request, the Board shall provide the Company with electricity for construction, start-up, commissioning, pumping of water and maintenance. The Board shall bill the Company for such electricity at a price equal to the Board's published tariff for construction power during the construction and startup period up to the COD of the first Generating Unit. Thereafter, the bills presented by the Company to the Board pursuant to Article 6.1 hereof shall be on a net energy basis taking into account the power supplied by the Board to the Company including power supplied to the Kadium and Dowleshwaram pumping stations.

2.5 Liquidated Damages

- (a) Subject to the other provisions of this Article 2.5, if the Combined Cycle COD does not occur by the Scheduled Date of Completion, the Company shall pay to the Board as liquidated damages the sum of Rs. 110,000 per day for the first 180 days from and including the Scheduled Date of Completion and thereafter Rs. 770,000 per day for each day up to but excluding the day on which the Combined Cycle COD occurs.

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- (b) Subject to the other provisions of this Article 2.5, if the Commercial Operation Date of any combustion turbine Generating Unit does not occur by the Scheduled COD of such Generating Unit, the Company shall pay to the Board as liquidated damages the sum of Rs. 20,000 per day up to but excluding the day on which the Commercial Operations Date of such Generating Unit occurs.
- (c) The Company shall be relieved from its obligation to pay liquidated damages under Article 2.5(a) or 2.5(b), as the case may be, to the extent the delay in the Combined Cycle COD or the Commercial Operation Date of such Generating Unit, as applicable, is attributable to: (i) an Indian Political Event; (ii) any act of God; or (iii) the Board (including Without Limitation, the Board's failure to complete the Interconnection Facility in time for the Board to receive and utilize all power that such Generating Unit (in the case of Article 2.5(b)) or the Project (in the case of Article 2.5(a)) would have been otherwise capable of generating).
- (d) Payment for liquidated damages pursuant to Article 2.5(a) hereof shall be due 30 days after the Scheduled Date of Completion and every 30 days thereafter. Payment for liquidated damages pursuant to Article 2.5(b) shall be due 30 days after the Scheduled COD of the applicable Generating Unit and every 30 days thereafter. Without prejudice to the Company's rights under this Agreement, in no event shall the aggregate amount to be paid by the Company to the Board under this Article 2.5 exceed Rs. 300,000,000.

2.6 Net Generating Capacity; Capacity Notices;
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- (a) Each day, not later than the time prescribed by the Board, the Company shall give the Board (i) a Capacity Notice declaring the Declared Capacity of the Project in each Settlement Period of the next succeeding day and (ii) a notice setting forth the Ambient Temperature for each Settlement Period of the previous day. The Company shall promptly issue a Revised Capacity Notice to the Board redeclaring the Declared Capacity whenever a change occurs or is expected to occur from the level previously declared for any Settlement Period. For each Revised Capacity Notice issued by the Company the Board shall have the right to issue one additional Dispatch Instruction on the day such Revised Capacity Notice is issued, notwithstanding the limit on the number of Dispatch Instructions set forth in the last sentence of Article 2.1(a). The Company shall take all reasonable care to restrict the number of Revised Capacity Notices to no more than 7 in any week and to ensure the accuracy of its Capacity Notices and Revised Capacity Notices. If the Company fails to declare its Declared Capacity for any Settlement Period, the Declared Capacity for that Settlement Period shall be deemed to be equal to the Project's Declared Capacity in the nearest preceding Settlement Period for which a Declared Capacity exists. In no event shall the Declared Capacity of the Project plus Auxiliary Consumption exceed the Installed Capacity.
- (b) If in any Settlement Period (i) the Project's Net Generating Capacity falls more than 5 MW below its Declared Capacity or such lower rate of output that it has been instructed to maintain for the time being in a Dispatch Instruction validly issued in accordance with Article 2.1 or 2.2 (being a level consistent with the Project's Declared Capacity at that time) or (ii) when the Board issues a Dispatch Instruction the Project fails to

ramp up to within 5 MW of the Capacity it is instructed to achieve in such Dispatch Instruction (being a level consistent with the Project's Declared Capacity at that time) within the time allowed for ramping at the relevant ramp rate specified in the Technical Limits, the Board may issue a Post-Event Notice to the Company reducing the Project's Declared Capacity for that Settlement Period to the lowest level of Net Generating Capacity achieved in that Settlement Period.

- (c) If the Board has reason to believe that the Project's Declared Capacity may not accurately reflect its Net Generating Capacity it may issue the Company with a Monitoring Notice stating that it intends to monitor the Project. After 30 minutes following the issuance of the Monitoring Notice, the Board may issue a Dispatch Instruction requiring the Project to be operated at its Declared Capacity (notwithstanding any restriction on dispatch in Article 2.1). If the Project's Net Generating Capacity is not at least equal to its Declared Capacity within 5 minutes after the time allowed for ramping at the relevant ramp rate specified in the Technical Limits or if it does not remain at or above the Project's Declared Capacity throughout the entire period of monitoring (which shall not exceed four hours) the Board may issue a Post-Event Notice to the Company that the Project's Declared Capacity in the Settlement Period in which the Monitoring Notice was given and each subsequent Settlement Period up to and including the one on which the period of monitoring was concluded is being reduced to the level of its Net Generating Capacity at the end of the period of monitoring. There shall be no more than one period of monitoring per day. The Company shall have the right to dispute any Post-Event Notice within seven (7) days of its receipt.
- (d) Where the Project's Declared Capacity changes during the course of a Settlement Period, the lowest Declared

Capacity in effect at any time during that Settlement Period shall be the Declared Capacity for the whole Settlement Period.

- (e) The Company may not increase the Project's Declared Capacity above the level declared or deemed to be declared at the prescribed time for issuing the Capacity Notice for the relevant day or above the level that the Project was scheduled to have during a Scheduled Outage or a Maintenance Outage without the Board's consent and any such increase declared by the Company without the Board's consent shall be disregarded for the purpose of calculating Deemed Generation and Notional Generation.
- (f) Beginning with the fourth Billing Month after the Combined Cycle COD, if the aggregate of the Declared Capacities over all of the Settlement Periods in a day (taking into account the redeclaration made pursuant to this Article 2.6 and any reduction in the Declared Capacity as a result of a Post-Event Notice issued by the Board pursuant to Article 2.6(c)) falls short of the aggregate of the Declared Capacities over all of the Settlement Periods as determined at the prescribed time for issuing the Capacity Notice for that day by more than 210 MW per day on 5 days or more in any Billing Month then, in calculating PLF for that Billing Month, the Net Electrical Energy in that Billing Month shall be reduced by a number of MWh equal to twice the aggregate of such daily shortfalls over 210 MW. Any such shortfalls that are due to an Indian Political Event shall be disregarded for the purposes of this Article 2.6(f).
- (g) Not later than three months before the Scheduled Date of Completion the Parties shall jointly develop procedures for exchanging the information necessary to give effect to the provisions of this Article 2.6 in a clear and auditable manner.

ARTICLE 3
TARIFF

3.1 Tariff: The Tariff rates will be determined on the basis of the Two-Part Tariff and shall be fixed for each Tariff Year period. The Tariff shall be the sum of the Fixed Charge, the Variable Charge Payment, the incentive or disincentive payments (if any) and taxes on income, each as set forth in this Article 3 as further defined pursuant to the terms of this Agreement.

3.2 Fixed Charge:

3.2.1 Beginning on and after the Combined Cycle COD:

- a) The "Fixed Charge" component of the Tariff for each Billing Month in a Tariff Year shall be a lump sum amount equal to the product of (a) the sum of the following amounts, provisionally calculated in accordance with Article 3.3.1 assuming a Tariff Year of 365 days and (b) a fraction, the numerator of which is the number of days in such Billing Month and the denominator of which is 365, which amount shall be adjusted pursuant to the provisions of Articles 3.3.2 and 3.3.3 hereof:
 - i) Interest on Debt becoming due during the Tariff Year, calculated in accordance with Article 3.3 hereof;
 - ii) Return on Equity for such Tariff Year, calculated in accordance with Article 3.3 hereof;
 - iii) Interest on Working Capital for such Tariff Year calculated using the rate of interest specified by the State Bank of India as its lending rate offered to its most creditworthy commercial customers for

working capital loans in effect on the Fixed Charge Computation Date for the Tariff Year;

- iv) Depreciation for such Tariff Year;
 - v) Operation and Maintenance Expenses for such Tariff Year;
 - vi) the Foreign Exchange Variation for Debt Repayment in respect of each Foreign Debt Repayment which is scheduled to fall due in the such Tariff Year; and
 - vii) Insurance premia for such Tariff Year at actuals (including with respect to insurance required by the parties providing financing to the Project), at such rates, coverage and conditions as determined by the Company and on commercially reasonable terms, subject to the requirements of the lenders but not exceeding one percent (1%) of the Capital Cost. The amount of the insurance premia included as an element of the Fixed Charge shall be based on the amounts payable by the Company pursuant to the most recent invoices received prior to the Fixed Charge Computation Date for the relevant Tariff Year.
- b) The Operation and Maintenance Expenses (M) for the Initial Tariff Year shall be equal to 2% of the Capital Cost and for each subsequent Tariff Year shall be determined on the basis of the following formula viz.,

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$$M = [2/100 \times C \times 30/100 \times C_1/C_0] + [2/100 \times C \times 70/100 \times W_1/W_0]$$

where

- C = Capital Cost as defined in Clause 1.10x
- C₀ = Consumer Price Index in India as notified by the GOI as on the Combined Cycle COD.
- C₁ = Consumer Price Index in India as notified by the GOI as on the 31st day of October of the immediately preceding Tariff Year.
- W₀ = Wholesale Price Index in India as notified by the GOI as on the Combined Cycle COD.
- W₁ = Wholesale Price Index in India as notified by the GOI as on the 31st day of October of the immediately preceding Tariff Year.

3.2.2 Prior to the Combined Cycle COD:

- a) The aggregate amount of each element of the Fixed Charge component payable by the Board in any Billing Month after the COD of the first Generating Unit, shall be equal to the product of (x) the amount which would be payable pursuant to Article 3.2.1 in the Initial Tariff Year, assuming that the Project had been completed with the Capital Cost set out in and financed in accordance with Schedule E, multiplied by (y) a percentage ("P") determined pursuant to the following formula:

$$P = A(B/C)$$

- where:
- (i) after the COD for the first Generating Unit until the COD for the second Generating Unit, "A" equals 21.2%, "B" equals (subject to Article 3.2.2(b)) the Installed Capacity as determined in the test for Provisional Performance Acceptance (the "Provisional Capacity") for the first Generating Unit as provided in Schedule F hereto; and "C" equals the gross electrical output at 29°C as specified in Exhibit D hereto (the "Specified Capacity") of the first Generating Unit; (ii) after the COD for the second Generating Unit until the COD for the third Generating

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Unit, "A" equals 42.4%, "B" equals (subject to Article 3.2.2(b)) the sum of the Provisional Capacity of each of the first and second Generating Units; and "C" equals the sum of the Specified Capacity of each of the first and second Generating Units; and (iii) after the COD for the third Generating Unit until the Combined Cycle COD, "A" equals 65%, "B" (subject to Article 3.2.2(b)) equals the sum of the Provisional Capacity of each of the first, second and third Generating Units; and "C" equals the sum of the Specified Capacity of each of the first, second and third Generating Units; provided that in each case "(B/C)" shall not be greater than one (1). The aggregate amount of each element of the Fixed Charge component payable by the Board in each Billing Month commencing after the Combined Cycle COD shall equal 100% of the amount calculated in accordance with Article 3.2.1.

- b) Notwithstanding the provisions of clauses (i), (ii) and (iii) of Article 3.2.2(a), during each of the periods specified in such clauses the ratio "(B/C)" shall equal one (1) until such time as the Provisional Capacity for the relevant Generating Unit is determined. Upon determination of the Provisional Capacity in the test for Provisional Performance Acceptance for the relevant Generating Unit as provided in Schedule F hereto, the Company shall recalculate the ratio "(B/C)" using as "B" such Provisional Capacity. In the event that such ratio as redetermined is less than one (1), the Company shall recalculate the Fixed Charge payable by the Board using the formula set forth in Article 3.2.2(a) but using as "B" the Provisional Capacity. The Company shall reduce the amount payable by the Board in the next monthly bill by an amount equal to the positive difference between (x) the Fixed Charge payments made by the Board with respect to the relevant Generating Unit until the Provisional Performance Acceptance of such Generating Unit as provided in Schedule F hereto and (y) the Fixed Charge payments

with respect to such Generating Unit for the same period recalculated pursuant to the preceding sentence.

- c) The Fixed Charge portion of the Tariff shall be recalculated on the COD of each Generating Unit in accordance with Article 3.2.2(a), taking into account the changes to the components of the Fixed Charge as of such recalculation date on a prospective basis. For any Billing Month in which a Tariff recalculation occurs, the monthly payment for such Billing Month shall be paid on a proportionate basis with that portion of the month prior to such recalculation date paid on the basis of the original Fixed Charge and the portion of the month including and after the date of recalculation paid on the basis of the revised Fixed Charge.

3.2.3 In the event that the Capital Cost, or the amount of Debt or Equity changes during any Tariff Year as contemplated by this Agreement with the approval of the Authority, the Fixed Charge for the balance of such Tariff Year and all subsequent Tariff Years shall be adjusted to account for such change. Without limiting the generality of the foregoing, the increase (if any) in the Capital Cost, the amount of Debt or the amount of Equity approved by the Authority pursuant to its final approval of the Capital Cost given following the Combined Cycle COD shall, for purposes of calculating the Tariff, take effect as of the Combined Cycle COD.

3.3 Provisional Tariff; Adjustments:

3.3.1 Calculation of Payment: Not later than 30 days prior to each Tariff Year, the Company will provisionally calculate the amount of each element of the Fixed Charge component which are payable by the Board with respect to such Tariff Year. The date on which such calculation is made shall be referred to as the "Fixed Charge Computation Date". Such calculations shall be strictly in accordance with the terms of this Agreement and be made in consultation with the Board. The Board will make

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monthly payments of the Fixed Charge (as adjusted pursuant to the terms of Article 3.3.2 and 3.3.3 hereof) in rupees in accordance with Article 6.1.

3.3.2 Exchange Rate Adjustments: For each Billing Month, there shall be added or subtracted from the amount of the provisional Fixed Charge in Article 3.3.1, an amount equal to the aggregate of the following adjustments:

- (a) (i) the amount of Foreign Interest on Debt and Foreign Return on Equity (in each case as payable to the Company pursuant to Article 3.2) and Foreign Debt Repayment (as set forth in the financial package approved by the Authority) for such Billing Month converted into Rupees at the Current Rate of Exchange on the last day of such Billing Month minus (ii) the amount of such Foreign Interest on Debt, Foreign Return on Equity and Foreign Debt Repayment for such month converted to Rupees on the Fixed Charge Computation Date; plus
- (b) (i) the amount of Foreign Interest on Debt and Foreign Return on Equity (in each case as payable to the Company pursuant to Article 3.2) and Foreign Debt Repayment (as set forth in the financial package approved by the Authority) for any Billing Month, the Fixed Charge for which was paid by the Board during the relevant Billing Month, converted into Rupees at the Current Rate of Exchange on the date that the Fixed Charge was paid minus (ii) the amount of such Foreign Interest on Debt, Foreign Return on Equity and Foreign Debt Repayment for such month converted to Rupees on the last day of the Billing Month to which that Fixed Charge relates.

If the sum of the amounts calculated pursuant to clauses (a) and (b) above is a positive number, it shall be added to the amount of the provisional Fixed Charge payment for such Billing Month determined pursuant to Article 3.3.1 hereof. If such sum is a negative number, it shall be subtracted from the



amount of the provisional Fixed Charge payment for such Billing Month determined pursuant to Article 3.3.1 hereof. For purposes of this Article 3.3.2: "Foreign Interest on Debt" shall mean the portion of the Interest on Debt for such Tariff Year in any foreign currency as provisionally calculated by the Company on the relevant Fixed Charge Computation Date and with respect to Debt with a floating rate of interest calculated in accordance with the first sentence of Article 3.3.3 hereof; and "Foreign Return on Equity" shall mean the portion of the Return on Equity for such Tariff Year in any foreign currency.

3.3.3 Calculation of Interest for Variable Rate Loans: For Debt based on one or more loans with a floating rate of interest, the Interest on Debt which is payable as part of the Fixed Charge for such Tariff Year for such loans shall be calculated using the Reference Interest Rate used in calculating the interest due on the most recent scheduled interest payment date for each such loan prior to the Fixed Charge Computation Date, subject to adjustment for each Billing Month as set forth below. The invoice for each Billing Month shall include the following calculations:

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- (a) the difference, if any, between (i) the amount of Interest on Debt attributable to such floating rate debt using the Reference Interest Rate prevailing on the last day of such Billing Month and (ii) the amount of Interest on Debt attributable to such floating rate debt calculated on the Fixed Charge Computation Date pursuant to Article 3.3.1 hereof. Such difference shall be computed in the applicable currency of the Debt and converted into Rupees at the Current Rate of Exchange as of the last day of such Billing Month.

plus, if any Tariff payments were made by the Board (whether by Letter of Credit or otherwise) during such Billing Month, the invoice for such Billing Month shall also include a calculation of:

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- (b) the difference between (i) the Rupee amount calculated pursuant to clause (a) above as set forth in such invoice(s) for which such payments were made minus (ii) the amount calculated pursuant to clause (a) (prior to conversion into Rupees pursuant to the last sentence of clause (a)) for which such payment were made converted into Rupees on the date payment of such invoice was made by the Board (whether by Letter of Credit or otherwise).

If sum of the amounts calculated pursuant to clauses (a) and (b) is a positive number it shall be added to the provisional Fixed Charge payment for such Billing Month determined pursuant to Article 3.3.1 hereof. If such sum is a negative number it shall be subtracted from the provisional Fixed Charge payment for such Billing Month determined pursuant to Article 3.3.1 hereof.

3.4 Taxes:

- 3.4.1 Taxes on Income: The Board shall pay to the Company an amount equal to the total of all taxes levied by any taxing authority in India on the Company's net taxable income under this Agreement; provided, however, that for purposes of calculating the amount of taxes subject to reimbursement under this Agreement the incentive payment (if any) received by the Company pursuant to Article 3.10.2 during the period of calculation shall be first subtracted from the Company's net taxable income; provided, further, however, that during any Tariff Year, the total amount paid by the Board to the Company pursuant to this Article 3.4 shall not exceed the actual taxes paid by the Company during such Tariff Year. Taxes on income will not form part of regular monthly billing. However, if any advance tax shall be payable by the Company in any month based on income arising out of the operation of the Project, the Company shall submit a Supplemental Bill to the Board reflecting the portion of such advance tax that is payable on net taxable income (adjusted as set forth in the first sentence of

this Article 3.4.1), which Supplemental Bill shall be supported by a certificate of a chartered accountant approved by the Board stating that the amount of such advance tax arises out of the operation of the Project calculated on a Standalone Basis (as defined below). After any tax assessment for the income arising out of the operation of the Project is completed for any Tariff Year, the excess or shortfall in the tax liability calculated for the Project on a Standalone Basis (after adjusting the Company's net taxable income as set forth in the first sentence of this Article 3.4.1 and subject to Article 3.4.2) shall be reflected in a Supplemental Bill delivered by the Company to the Board following the Billing Month in which such tax has become due for payment by the Company. "Standalone Basis" with respect to the calculation of taxes on income shall mean that such calculation shall treat Company as though it were engaged solely in the establishment and operation of the Project and without taking into account any income, expenses, deductions or any benefits, rebates, concessions or the like in taxation obtained by it as a result of carrying on any other business.

3.4.2 Minimizing Tax Liability: The Company shall take all reasonable steps to ensure that the tax liability of the Project calculated on a Standalone Basis is minimized, by obtaining, by suitable arrangement, all permissible benefits rebates, concessions and the like, in accordance with Law. Any depreciation and losses available for the Project will not be used for any other business of the Company. The Company is not required to pass on to the Project any benefits, rebates, concessions or the like in taxation obtained by it as a result of any tax planning or otherwise, to the extent not arising out of the income, expenditure and operations of the Project, including without limitation, as a result of the Company's diversification, expansion or investment in endeavors unrelated to the Project.

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3.5 Variable Charge (Single Fuel):

- (a) The Variable Charge ("Uo") component of the Tariff (comprising costs of gas) for any Generating Unit in any Billing Month prior to the Combined Cycle COD during which such Generating Unit has used gas but has used no Supplementary Fuel or Alternate Fuel, or for the Project in any Billing Month beginning on or after the Combined Cycle COD during which the Project has used gas but has used no Supplementary Fuel or Alternate Fuel will be determined as follows:

1. Station Heat Rate = h Kilo Cal/kWh
2. GCV of gas (base) = g Kilo Cal/Cubic Meter
3. Fuel Cost of gas at gas metering point = C(Rs.) per 1000 Cubic Meters
4. Auxiliary Consumption = A percent of gross generation
5. Variable Charge component of Tariff of Energy Unit delivered in paise/KWh = $U_o = (10hC)/g(100-A)$

- (b) The Variable Charge ("Uo") component of the Tariff for any Generating Unit in any Billing Month prior to the Combined Cycle COD during which such Generating Unit has used Supplementary Fuel and/or Alternate Fuel but has used no gas, or for the Project in any Billing Month beginning on or after the Combined Cycle COD during which the Project has used Supplementary Fuel and/or Alternate Fuel but has used no gas will be determined as follows:

1. Station Heat Rate = h Kilo Cal/kWh
2. GCV of Supplementary Fuel/Alternate Fuel

(base) = g Kilo Cal/designated unit of
Supplementary Fuel and/or
Alternate Fuel

3. Fuel Cost of Supplementary
Fuel/Alternate Fuel at
the applicable metering
point = C(Rs.) per 1000 designated
units of Supplementary Fuel
and/or Alternate Fuel
4. Auxiliary Consumption = A percent of gross generation
5. Variable Charge
component of Tariff of
Energy Unit delivered
in paise/KWh = $U_o = (10hC)/g(100-A)$

3.6 Variable Charge Payment: The said Variable Charge component of the Tariff will be fixed in paise per Energy Unit delivered. The "Variable Charge Payment" to be made by the Board to the Company each month pursuant to Article 6.1 shall equal the sum of (A) the amount obtained by multiplying the relevant Variable Charge by the Energy Units delivered in the preceding month plus (B) the fuel price adjustment charges set forth in Article 3.7 plus (C) minimum fuel off-take charges (if applicable, as described in Article 3.9) plus (D) statutory duties, taxes, cesses and levies, if any, as described in Article 3.11.

3.7 Monthly Fuel Price Adjustment: The Variable Charge component of the Tariff specified in Article 3.5 and 3.8 shall be modified monthly in the following month on account of variations in the values of the following:

- a) Monthly average Fuel Cost in Rupees of 1000 Cubic Meters of gas at the gas metering point of the Project
- b) GCV of gas

c) ~~Monthly average Fuel Cost of ^{Inclusion} one designated unit of~~ Supplementary Fuel and/or Alternate Fuel, as the case may be

d) Monthly GCV of Supplementary and/or Alternate Fuel, as the case may be and will be computed by substituting the revised values in the formula set forth in Article 3.5 or 3.8, as applicable.

3.8 Variable Charge (Mixed Fuel): For any Billing Month during which gas and Supplementary Fuel and/or Alternate Fuel is used at the Project, the Variable Charge ("U₁") shall be calculated using the following formula ("Formula 1"):

$$U_1 = (1/10P) [Q_1C_1 + (C_2/g_2) \{[(100hP)/(100-A)] - Q_1g_1\}]$$

Within thirty (30) days following the end of each Billing Month the Company shall calculate the amount (the "Fuel Rebate") determined pursuant to the following formula:

$$\text{Fuel Rebate} = [(U_{1i} - U_{2i}) \times (\text{Net Electrical Energy})_i]$$

Where

U_{1i} = for each mixed fuel operation month, the amount determined pursuant to Formula 1

U_{2i} = for each mixed fuel operation month, the amount determined pursuant to the following formula ("Formula 2"):

$$U_2 = 1/10P [Q_1C_1 + Q_2C_2]$$

(Net Electrical Energy)_i = for each mixed fuel operation month, the Net Electrical Energy delivered during such Month

In the event that the Fuel Rebate amount for such Billing Month is greater than zero, the Company shall deduct such amount from the amount otherwise due from the Board in the Company's next monthly bill. In the event that the Fuel Rebate amount for such ~~Billing Month~~^{Billing month} is equal to or less than zero, there shall be no change in the amount otherwise due from the Board.

For purposes of the foregoing Formula 1 and Formula 2:

- Q1 is the quantity of gas actually utilized during such Billing Month (in Million Cubic Meters)
- Q2 is the quantity of Supplementary Fuel and/or Alternate Fuel actually utilized during such Billing Month (in Million designated units)
- C1 is the monthly average Fuel Cost in Rupees of 1000 Cubic Meters of gas at the gas metering point of the Project
- C2 is the monthly average Fuel Cost of 1000 designated units of Supplementary Fuel and/or Alternate Fuel, as the case may be
- g1 is the monthly average GCV of gas (in Kilo Cal per Cubic Meter)
- g2 is the monthly average GCV of one designated unit of Supplementary and/or Alternate Fuel, as the case may be.
- h is the Station Heat Rate (in Kilo Cal/kWh)
- A is the Auxiliary Consumption (a percent of gross generation)
- P is the total energy delivered during such Billing Month (in Million Energy Units).

3.9 Minimum Fuel Off-take Charges: The Board shall reimburse to the Company the minimum fuel off-take charges for fuel not taken only if the failure to take such fuel is attributable to (i) the Board (including Dispatch Instructions, a failure of the Board to comply with its obligations under the terms of this Agreement, an Indian Political Event or Non-

Political Events affecting the Board) or (ii) an Indian Political Event applicable to the Company.

Explanation: Minimum fuel off-take charges for the purpose of this Agreement shall mean the charges, if any, in excess of the cost of gas actually consumed in energy generation at the Project, that become payable by the Company to the gas supply contractor, in accordance with the provisions of the gas supply contract finalized in consultation with the Board prior to the date of Financial Closing.

3.10 Disincentives, Incentives and Fuel Availability

3.10.1 Disincentives: Subject to Article 11.2(b) and (c), the Company shall be entitled to claim the full amount of the Fixed Charge applicable to each Tariff Year so long as the PLF (computed including Deemed Generation) for such Tariff Year (computed in the month following the close of such Tariff Year) shall not have been less than the Minimum PLF. For purposes of this Agreement, the "Minimum PLF" shall be 68.49%, ~~except that during any Stabilization Period it shall be 51.37%.~~ For any Tariff Year during which the Stabilization Period of any Generating Unit commences or ends, the Minimum PLF shall be determined on a time and megawatt-weighted proportionate basis taking into account that portion of the Stabilization Period of each Generating Unit that is included in such Tariff Year and the Installed Capacity of such Generating Units. If the PLF for any Tariff Year shall be below the Minimum PLF, the Fixed Charge for such Tariff Year will be adjusted in accordance with the following formula: the Fixed Charge determined in accordance with Article 3.2 and 3.3 for such Tariff Year shall be multiplied by the quotient of the PLF for such Tariff Year divided by the Minimum PLF for such Tariff Year. Such product shall be the adjusted Fixed Charge. The difference between the adjusted Fixed Charge and the amount paid by the Board to the Company with respect to the Fixed Charge pursuant to the monthly bills delivered during such Tariff Year,

shall be paid to the Board by the Company in accordance with Article 6.4 hereof.

Explanation: For the purpose of this Agreement, Deemed Generation shall mean, when computing PLF levels of up to 68.49%, the Net Electrical Energy which the Company was in a position to deliver to the Board during any period based on its Declared Capacity during such period adjusted to take account of any difference between Ambient Temperature and 29°C in accordance with the correction curve set forth in Exhibit A, but did not generate as a direct result of:

- a) any direction in writing, or Dispatch Instruction issued by the Board; provided, however, that this Clause (a) shall not be deemed to authorize any direction inconsistent with the Board's obligations under Article 2.1;
- b) any failure on the part of the Board to purchase energy due to any defect or deficiency then existing in the equipment, ancillary or line or other works of the Board (including, Without Limitation, the Interconnection Facility) or any other event affecting the ability of the Board to purchase energy hereunder (including due to any event of Force Majeure declared by the Board or attributable to the facilities or operations of the Board);
- c) any Emergencies in the grid of the Board; or
- d) any failure on the part of the Company to deliver energy due to any Indian Political Event ; or
- e) (i) instability associated with low voltage or frequency on the Board's system as set forth in the Technical Limits or (ii) operation at a power factor outside the range specified in the Technical Limits.

3.10.2 Incentives: Where the PLF is greater than 68.49% (computed including Notional Generation) in any Tariff Year,

then in addition to the full Fixed Charge component at the PLF of 68.49% and the full amount of the Variable Charge component for the total energy delivered, the Board shall pay, for actual generation and Notional Generation above the threshold level of a PLF of 68.49% an incentive payment in accordance with the following formula:

$$\text{Incentive Payment} = \text{Equity} \times (\text{PLF} - 68.5) \times 0.00525$$

Where: Foreign Equity is converted to Rupees at the weighted average of the TT Buying Rate for the relevant currencies on the dates when it was invested in the Project.
PLF is expressed as a number of percentage points.

In the case of a Tariff Year of less than 12 months, the Incentive Payment for the Tariff Year shall be proportionately reduced by reference to the number of days in the relevant Tariff Year.

The incentive payment shall be paid by the Board to the Company in accordance with Article 6.4 hereof.

Explanation: For the purpose of this Agreement and subject to Article 3.10.3 Notional Generation shall mean, the Net Electrical Energy which the Company was in a position to deliver to the Board during any period that begins on or after the Combined Cycle COD based on its Declared Capacity during such period adjusted to take account of any difference between Ambient Temperature and 29°C in accordance with the correction curve set forth in Exhibit A but did not generate as a direct result of:

- a) any direction in writing or Dispatch Instruction, issued by the Board; provided, however, that this Clause (a) shall not be deemed to authorize any direction inconsistent with the Board's obligations under Article 2.1;



- b) any failure on the part of the Board to purchase energy due to any defect or deficiency then existing in the equipment, ancillary or line or other works of the Board (including, Without Limitation, the Interconnection Facility), or any other event affecting the ability of the Board to purchase energy hereunder, other than on account of any Non-Political Event declared by the Board or attributable to the facilities or operations of the Board; or
- c) instability associated with low voltage or frequency on the Board's system as set forth in the Technical Limits or operation at a power factor outside the range specified in the Technical Limits;

provided, however, that to the extent Notional Generation contributes to achieving a PLF above 85%, then such Notional Generation above a PLF of 85% shall not be considered for the purpose of payment of incentives.

3.10.3 Fuel Availability:

In the event sufficient Gas is not available to the Company to permit the operation of two Generating Units, but Supplementary Fuel remains available to operate one Generating Unit and Alternate Fuel is available to the Company in substitution for the unavailable Gas, the Company will be credited with Deemed Generation when computing PLF levels of up to 68.49%, but will not be credited with Notional Generation for unused generation capacity otherwise available from the Company through its use of Alternate Fuel.

- 3.11 Statutory Duties, Taxes, Cess, Levies: The Tariff determined pursuant to this Article does not include any taxes, cesses, or other levies by the GOI or the GAP or any governmental authorities on the generation and/or sale of energy and shall, if levied, be payable by the Board to the Company together with the monthly energy bills.

ARTICLE 4
CONDITIONS PRECEDENT

- 4.1 **Conditions Precedent:** Except as may be waived by mutual agreement by the Parties, it shall be a condition precedent to the effectiveness of the Company's and the Board's respective obligations under this Agreement that the following events shall have occurred:
- (a) the Authority shall have approved the financial package for the Project of Debt and Equity investments which are to be or have been made in the Company for the purpose of enabling it to finance the Capital Cost as set out in the financial package submitted to the Authority for such approval; and
 - (b) the Financial Closing shall have occurred.
- 4.2 Until the conditions precedent have been fulfilled or waived by the Parties, the Modified Power Purchase Agreement shall remain in effect. Upon fulfillment or waiver of the conditions precedent, this Agreement shall become effective and shall amend, restate and supersede in its entirety the Modified Power Purchase Agreement.
- 4.3 **Reasonable Efforts:** Each of the Parties shall use reasonable efforts to cause the conditions precedent set forth in Article 4.1 hereof to be satisfied.

ARTICLE 5
METERING

- 5.1 **Installation:** Main energy meters of 0.2 class accuracy shall be installed at the 220 KV points of supply by the Company and check meters at the same point and of the same accuracy
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shall be installed by the Board. Each of these will be a pair of export and import meters. The Company shall install in accordance with reasonable specifications provided by the Board adequate telemetering and communication equipment to transmit information (including real time readings of the Ambient Temperature) to the Board from the Project.

- 5.2 **Inspection: Sealing; No Interference:** All the meters shall be jointly inspected and sealed on behalf of both Parties and shall not be interfered with except in the presence of the representatives of both Parties.
- 5.3 **Quarterly Checks:** All meters shall be checked for accuracy quarterly by both Parties and shall be treated as working satisfactorily so long as the errors are within the limits prescribed for meters of the class. Meter readings of the main meters will form the basis of billing, so long as the quarterly checks thereof are within the prescribed limit. If the check meters are found to be defective during the quarterly checks they will be immediately calibrated.
- 5.4 **Errors in Main Meters:** Where the quarterly check indicates errors in the main meters beyond the prescribed limit but no such error is noticed in the check meters, billing for the month will be done on the basis of the check meters and the main meters will be calibrated immediately.
- 5.5 **Errors in Main Meters and Check Meters:** If during the quarterly test checks, both the main meters and the corresponding check meters are found to be beyond permissible limits of error, both the meters shall be immediately calibrated and the correction applied to the generation of energy registered by the main meter to arrive at the correct generation of energy for billing purposes for the period of the month up to the time of such test check. Billing for the period thereafter until the next monthly meter reading shall be as per the calibrated main meter.

- 5.6 **Calibration:** All the main and check meters shall be calibrated once in every six months jointly by both Parties i.e. January and July irrespective of the calibrations might have been done where necessary, during the quarterly checks.
- 5.7 **Errors Found During Calibration:** If the errors found at the time of semi-annual calibration are beyond permissible limits, the same procedures applicable to the quarterly test checks shall be followed.
- 5.8 **Corrections In Billing:** Corrections in billing, whenever necessary, shall be applicable to the period between the previous monthly meter reading and the date and time of the test calibration in the current month when the error is observed and this correction shall be for the full value of the absolute error. For the purpose of the correction to be applied, the meter shall be tested at 100, 80, 50 and 20 percent load at unity power factor and 0.5 power factor. Of these eight values, the error at the load and power factor nearest the average monthly load served at the Interconnection Point during the period shall be taken as the error to be applied for correction.
- 5.9 **Defects:** If both the main and check meters fail to record or if any of the potential transformer fuses are blown out, then the energy will be computed on a mutually agreeable basis for that period of defect.
- 5.10 **RSS Meter:** For the purpose of test and calibration, the rotating sub-standard (RSS) meter shall be calibrated and sealed by the Chief Electrical Inspector to the GAP. This RSS meter shall be calibrated once in every six months at the Chief Electrical Inspector's Laboratory in Andhra Pradesh.
- 5.11 **Conduct of Tests:** All the tests on the main and check meters shall be conducted by the authorized staff of both Parties jointly. The result and correction so arrived at mutually will be applicable and binding on both Parties.

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5.12 Monthly Reading: Monthly meter readings shall be taken (and an acknowledgment thereof signed) by the authorized representatives of both Parties on or about mid-day of each Metering Date.

5.13 Fuel Metering:

- (a) The Company shall supply the Board each month copies certified by an officer of the Company of all meter data available under the Gas Supply Contract and the Naphtha Sales Agreement to enable the Board to calculate the amount of each type of fuel consumed by the Company during the preceding Billing Month.
- (b) The Company shall provide the Board with access to read all of the meters installed under the Gas Supply Contract and the Naphtha Sales Agreement and shall give the Board not less than five days prior written notice of any scheduled inspection of the meters for the purpose of checking their accuracy and shall arrange for representatives of the Board to attend such inspection. One naphtha billing meter shall be located on the forwarding pipeline and one naphtha billing meter shall be located in the return pipeline, in each case between the naphtha supplier's storage facility at the Project site and the Company's generating facility. For purposes of billing pursuant to Article 3.8 hereof, the amount of naphtha consumed by the Project shall be equal to the quantity of naphtha delivered to the Project, as indicated by the reading of the meter on the forwarding pipeline, less the quantity of naphtha returned from the Project, as indicated by the reading on the meter on the return pipeline. During any time that either of the foregoing naphtha meters is inoperable, the alternate procedure for the measurement of naphtha provided for in the Naphtha Sales Agreement shall be used for purpose of billing pursuant to Article 3.8 hereof.

- (c) If the Board has reason to believe that any of the fuel meters are inaccurate, the Company shall, under the Board's written request, exercise such rights as it may have under the Gas Supply Contract or the Naphtha Sales Agreement to cause the relevant meter to be inspected and, if necessary, recalibrated. The Board shall reimburse the Company for any costs incurred by the Company under the terms of the relevant agreement if the meter is found to be accurate within the limits prescribed by that agreement.

ARTICLE 6 BILLING AND PAYMENT

- 6.1 **Monthly Bills:** On or before each Billing Date, commencing with the first Billing Date following the Commercial Operation Date of the first Generating Unit, the Company shall furnish a bill to the Board, in such form as may be mutually agreed by the Board and the Company, for the Billing Month, which bill will include monthly Fixed Charges and monthly Variable Charge Payments. Each bill for a Billing Month shall be payable by the Board on or before the Due Date of Payment.
- 6.2 **Claims for Income Taxes:** Claims relating to taxes on income, if any, shall be prepared and paid in accordance with Article 3.4.1 above.
- 6.3 **Claims for Certain Increased Costs:** Claims relating to increased costs payable by the Board pursuant to Article 12.6 below shall be submitted and paid in accordance with such Article.
- 6.4 **Disincentive and Incentive Payments:** Any amounts which may be due to the Board from the Company pursuant to Article 3.10.1 and any amounts which may be due to the Company pursuant to Article 3.10.2 will be computed by the Company in the month following the close of each Tariff Year. The Company will submit Supplemental Bills to the Board,

together with supporting data, for any amounts owing to it pursuant to Article 3.10.2 or by it pursuant to Article 3.10.1, in each case, within 30 days after the end of each Tariff Year. The Board shall have access to all relevant information and records of the Company to enable it to satisfy itself as to the correctness of such Supplemental Bill. Any such Supplemental Bill reflecting an amount owed to the Company shall be payable by the Board on or before the Due Date of Payment. Any amount owing by the Company to the Board shall be reflected as a credit in the Company's next monthly bill to the Board.

- 6.5 **Billing Disputes:** Notwithstanding any dispute as to all or any portion of any bill submitted by the Company to the Board, the Board shall pay the full amount of the bill provided that the amount of the bill is based on (a) a meter reading that has either been signed by both Parties or certified by the Company with respect to the Board's refusal to sign within five days after the Metering Date and (b) the Tariff. The Board shall notify the Company of any disputed amount, and the Company shall rectify the defect or otherwise notify its rejection of the disputed amount, with reasons, within 10 days of the reference by the Board, failing agreement on which the provisions of Article 15 shall apply with respect thereto. If the resolution of any dispute requires the Company to reimburse the Board, the amount to be reimbursed shall bear interest at the relevant Default Interest Rate from the date of payment by the Board to the date of reimbursement provided that the Board had notified the Company of the dispute within 120 days following the Due Date of Payment of the disputed amount or if later, 120 days after the Board should reasonably have been aware that such amount was not owed.

- 6.6 **Letter of Credit:** Not later than 30 days prior to the Scheduled COD of the first Generating Unit, as such date may be extended pursuant to the terms of Article 1.1(lxxx) hereof, and at all times thereafter, the Board shall cause to be in effect an irrevocable revolving letter of credit issued in favor of the Company by a Scheduled Bank (the "Letter of Credit"). Each

Letter of Credit shall (a) on the date it is issued, have a term equal to the longest period available on commercially reasonable terms, but in no event less than 1 year; (b) be transferable to any Lender; (c) be payable upon the execution and presentation by an officer of the Company of a sight draft to the issuer of such Letter of Credit supported by a meter reading statement accepted and signed by both Parties or a certification from the Company that the Board failed to sign the meter reading statements within five days of the Metering Date or that a Supplemental Bill has been issued and remains unpaid until the Due Date of Payment; (d) provide that the Company shall have the right to draw upon such Letter of Credit notwithstanding any failure by the Board to reimburse the issuer thereof for any draw down made thereunder; (e) on the date it is issued and on the first day of each Tariff Year, have an aggregate revolving stated amount in each month of such Tariff Year equal to the sum of that month's payments due under the Tariff (including taxes on income and incentives based on a PLF of 85%) and Articles 3.11 and 12.6, projected as of the Fixed Charge Computation Date for such Tariff Year (the "LC Amount"); (f) be immediately reinstated to the LC Amount following a valid draw of the Company without limit to the amount of valid draws thereunder and (g) otherwise be in form and substance reasonably acceptable to the Company. Prior to the date of Financial Closing, the Board shall obtain, and provide to the Company a copy of a written commitment from a Scheduled Bank of the form attached hereto as Exhibit E to issue in favor of the Company, on or before the date 30 days prior to the Scheduled COD of the first Generating Unit, the first Letter of Credit to be issued by such Scheduled Bank, which shall contain the terms specified in the second sentence of this Article 6.6. Not less than (30 days) prior to the expiration of any letter of credit, the Board shall provide a new or replacement Letter of Credit. Each monthly bill or Supplemental Bill shall be presented at the said Scheduled Bank for payment under the Letter of Credit and shall become payable thereunder (x) in the case of any bill pursuant to Article 6.1 hereof, on any day that is at least 6 days after the

date of its presentation to the designated officer of the Board and (v) in the case of any Supplemental Bill or other bill, on the Due Date of Payment applicable thereto.

- 6.7 Direct payment: Notwithstanding the fact that a Letter of Credit has been opened, in the event that through the actions of the Board the Company is not able to make a draw upon the Letter of Credit for the full amount of any bill, the Company shall have the right to require the Board to make direct payment of any bill by cheque or otherwise on or before the Due Date of Payment by delivering to the Board on or prior to the Due Date of Payment of such bill a notice requiring payment in the foregoing manner. Without prejudice to the right of the Company to draw upon the Letter of Credit if payment is not received in full, the Board shall have the right to make direct payment by cheque or otherwise of any bill such that within 5 days after the date of its presentation to the designated officer of the Board the Company shall receive payment in full for such bill. When either such direct payment is made, the Company shall not present the same bill to the Scheduled Bank for payment against the Letter of Credit.
- 6.8 Rebates; Late Charges: For payments of a bill including a Supplemental Bill, whether by draw upon a Letter of Credit (as provided in this Article 6.8) or otherwise, other than a bill for taxes on income, the Board shall be entitled to a rebate of (a) 2.5%, if payment is available to be drawn under a Letter of Credit (provided that such rebate shall not be given if the Company attempts to draw upon such Letter of Credit and is not paid, due to actions of the Board, the full amount of the presentment made by the Company to the issuer of the Letter of Credit with respect to such attempted draw) and (b) 1%, if payment is made by the Board other than by draw upon a Letter of Credit on any day that is more than 5 days after the date of presentation of the relevant bill to the designated officer of the Board and up to and including the Due Date of Payment. Any payment made beyond the Due Date of Payment shall not entitle the Board to a rebate but shall include a late

charge in an amount equal to the product of (i) the amount of such bill and (ii) the relevant Default Interest Rate, calculated on the basis of the number of days the payment was overdue.

- 6.9 **GAP and GOI Support:** As support for the Board's obligations under this Agreement, GOI shall provide the GOI Counter-Guarantee and GAP shall provide the GAP Guarantee.
- 6.10 **Escrow Account:** To provide additional security to the Company for the Board's obligations hereunder, the Board shall also open an escrow account with any bank used by the Board, for the exclusive benefit of the Company and the Board, on or before the date 30 days prior to the Scheduled COD of the first Generating Unit. The Board shall cause payments to be deposited in such escrow account in each month aggregating an amount equal to not less than one month's average bill of the Company, as projected by the Company prior to the commencement of each Tariff Year for each month in such Tariff Year, assuming the Project operates at its Installed Capacity. Funds may be withdrawn from the escrow account each month and used for such purposes as the Board may designate, subject to replenishment of such account on a monthly basis. In the event of the Board's failure to pay any of the bills of the Company on the Due Date of Payment through the Letter of Credit, or otherwise, or as a result of non-renewal of the Letter of Credit, as required under Article 6.6, the Company, by notice in writing to the bank holding the escrow account, may require such bank not to honor any of the cheques, hundies and requisitions presented to it by the Board or any other draws on the account until after the claim of the Company is first discharged out of the revenues accumulated in the escrow account. Further, the Board shall in no event act in any manner as may negatively affect the inflow of the revenues into this account. Upon renewal or reestablishment of the Letter of Credit to its full form as per Article 6.6, the Company shall cancel said notice which shall cease to have any effect. An agreement among the Board, the Company and the Bank shall be executed in order to give effect to this Article

7.2.2 Terms of Extension: Any extension of this Agreement pursuant to Article 7.2.1 shall be for an additional fifteen years (or such shorter period as may be mutually agreed upon between the Parties), beginning upon the completion of the full eighteen year term. Such extension shall be on the same terms 6.16, the details of which shall be in form and substance acceptable to the Lenders.

ARTICLE 7 DURATION OF AGREEMENT

- 7.1 **Term of Agreement:** This Agreement shall become effective as of the date of execution by the Parties (subject to the provisions of Article 4.2 hereof) and, unless earlier terminated in accordance with the terms hereof, shall be in effect from the said date until the completion of a period of eighteen years from the Commercial Operation Date of the last Generating Unit.
- 7.2 **Renewals:** Article 7.2.1 shall be applicable.
- 7.2.1 **Procedures:** Between 540 days and 180 days prior to the completion of the full eighteen year term set forth in Article 7.1, the Board shall have the right but not the obligation to extend the term of this Agreement on the terms set forth in Article 7.2.2. After receiving notice from the Board pursuant to the preceding sentence and prior to the expiration of this Agreement the Company may make a proposal to the Board for the renovation and modernization of the plant and equipment constituting the Project which shall be subject to approval by the Authority (in consultation with the Board). If the Company's renovation and modernization proposal is accepted by the Board and approved by the Authority, this Agreement shall be renewed on the terms set forth in Article 7.2.2. If such proposal is not accepted and approved, the terms of Article 7.3 shall apply.
- 7.2.2 **Terms of Extension:** Any extension of this Agreement pursuant to Article 7.2.1 shall be for an additional fifteen years (or such shorter period as may be mutually agreed upon between the Parties), beginning upon the completion of the full eighteen year term. Such extension shall be on the same terms

and conditions as this Agreement, including as to the Tariff, subject only to the following changes:

- (i) The Fixed Charge will be recalculated based on a Capital Cost that is the sum of: (A) the Terminal Valuation, as defined in Article 5(d) of Schedule A, which shall be treated entirely as Equity, plus (B) the expenditure incurred by the Company with respect to such renovation and modernization, which shall be treated as Debt or Equity depending on the actual source of funds for such renovation and modernization.
- (ii) The Fixed Charge will provide for an after-tax return from the Project determined by the Appraiser (as defined in Schedule A), equal to that which would be earned by a recognized, competent, international power plant operator in respect of a comparable mature power plant situated in a country at a comparable level of development to India which achieves levels of reliability and availability comparable to those achieved by the Project in the three (3) years prior to the end of the initial term.

7.3 Option to Purchase: If the Board does not elect to extend the term of this Agreement or if the Company's proposal for renovation and modernization pursuant to Article 7.2.1 is rejected, then upon expiration of this Agreement either (i) the Board shall purchase the Project at the price set forth in Schedule A (calculated for "The Board purchase option following expiry of the Agreement" in the chart contained therein) or (ii) if the Board has declined to purchase the Project at the foregoing Buyout Price, then the Company shall, at its sole option, either (A) sell the Project to a third party or (B) sell power from the Project to third parties, in which case the Board shall wheel the power as per then prevailing law. If the Board declines to purchase the Project, then the Company shall have no further liabilities and obligations to the Board upon the expiration of this Agreement except in relation to any undischarged liabilities then in existence. Notwithstanding the

foregoing provisions of this Article 7, this Agreement shall remain in effect, at the Company's option, for a period of up to six (6) months following the date the Board notifies the Company that it declines to purchase the Project, in order to allow the Company sufficient time to make the arrangements provided in Clauses (A) and (B) above.

ARTICLE 8 UNDERTAKINGS

8.1 **Covenants of the Company:** The Company hereby covenants and agrees with the Board to:

- (a) include the Chairman of the Board as the representative of the Board on the board of directors of the Company;
- (b) use all reasonable efforts to design, build and operate the Project substantially in accordance with the Technical Limits and the technical specifications set forth in Exhibit D hereto;
- (c) use all reasonable efforts to obtain and maintain in force all Permits;
- (d) use all reasonable efforts to keep in effect the insurance coverage described in Schedule B attached hereto without prejudice to the Company's right to obtain such additional insurance as it sees fit;
- (e) ensure that any money or money's worth that may, at any time, be obtained by the Company by transfer, mortgage or creation of charge on any assets of the Project shall be exclusively utilized for the purpose of the Project and, in the case of an actual or constructive loss, apply the proceeds of insurance maintained pursuant to this Agreement towards repair and replacement of the Project;

- (f) adhere to all technical and performance parameters as mutually agreed by the Parties;
- (g) cause the date of Financial Closing to occur within 90 days after the GOI Counter-Guarantee is issued subject to (A) any delay by any Government Agency in granting any Permit or approval and/or (B) any delay arising from the occurrence of any event of Force Majeure affecting the Company;
- h) not, without the consent of the Board, permit the total amount of equity required to be held by the Sponsors pursuant to the undertaking provided in the GOI Counter-Guarantee to be reduced;
- i) if the Interconnection Facilities are completed by the date which is eight weeks prior to the Scheduled COD of the first Generating Unit and the first Generating Unit is not synchronized within twelve weeks thereafter, pay to the Board the interest cost incurred by the Board calculated on a daily basis on the Interconnection Facilities from the date which is eight weeks prior to the Scheduled COD of the first Generating Unit until the date of such initial synchronization;
- j) not, without the Board's prior written approval, amend the Gas Supply Contract or the Naphtha Sales Agreement or any other previously approved fuel agreement in a manner that materially and adversely affects the Board's interests under this Agreement;
- k) permit the Board, or reasonable numbers of persons designated by the Board, to visit the Project during normal business hours upon reasonable notice to the Company; provided that any such visitors shall observe the Company's safety procedures during such visits;

- l) use any liquidated damages paid by the construction contractor to the Company under the Construction Contract as a result of the delay in the Combined Cycle COD from the Scheduled Date of Completion, to (i) pay interest and principal under the Financing Documents as it becomes due, (ii) pay other costs resulting from the period of delay, such as any payments required to be paid to the Board pursuant to Article 2.5, commitment fees and other financing costs pursuant to the financial package as approved by the Authority, and (iii) apply the balance, if any, to reduce the Capital Cost of the Project;
- m) provide the Board with timely written reports regarding the progress of construction and the estimated Commercial Operation Date of the last Generating Unit;
- n) provide the Board with at least 60 days' advance written notice of the estimated date on which the first Generating Unit is to be synchronised;
- o) to ensure that the power station is built and completed in accordance with the standards of professional care, skill, diligence and competence generally accepted in the independent power industry and using for the Generating Units new equipment and materials that will be free from defective workmanship and materials; and
- p) use reasonable efforts to ensure that the power station is operated and maintained in accordance with all legal requirements, including the terms of all governmental consents and Prudent Utility Practices so as to make available the Installed Capacity (subject to reasonable degradation and reasonable wear and tear of the power station and subject to Scheduled Outages and Force Majeure) to the Board over the term of this Agreement;
and





- q) not, without the consent of the Board, use the land provided by the GAP for the Project site for any purpose other than the establishment of the Project facility and any expansion thereof.

8.2 Covenants of the Board: The Board hereby covenants and agrees with the Company to:

- (a) make all reasonable efforts for making arrangements (including financing and construction) for the Interconnection Facilities so that the Interconnection Facilities are completed eight weeks before the Scheduled COD of the first Generating Unit and if the Interconnection Facilities are not completed by four weeks after the Scheduled COD of the first Generating Unit and the Independent Engineer selected by the lenders as defined in the Financing Documents has certified that the Project is ready to begin the process of interconnection, the Board shall pay to the Company an amount equal to a pro rata portion on a daily basis of Depreciation and Foreign Exchange Variation for Debt Repayment, Interest on Debt and Return on Equity allocable to the Generating Unit that would have been in operation but for such delay in completing the Interconnection Facilities from the date which is four weeks after the Scheduled COD of the first Generating Unit until the date on which the Interconnection Facilities are completed, such amount to be computed as set forth in Article 3;
- (b) provide, without liability, such assistance and support as the Company may require in identifying and preparing applications for Permits and in interfacing with Government Agencies in connection with obtaining Permits;
- (c) provide, without liability, reasonable support and assistance to the Company in connection with the

Company's negotiation and execution of the Financing Documents; and

- (d) upon the Board's satisfaction with any estimate of Capital Costs referred to in Article 1.1(x), use its reasonable efforts in assisting the Company to obtain the Authority's approval of the estimate of Capital Costs referred to in Article 1.1(x) (which approval shall permit revisions to take into account changes in Capital Cost as set forth in clauses (i) through (iv) of Article 1.1(x), hereof) and the GAP Guarantee and the GOI Counter-Guarantee.

ARTICLE 9 REPRESENTATIONS AND WARRANTIES

9.1 Representations and Warranties of the Company: The Company represents and warrants that:

- a) The Company is a company duly organized and validly 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 Company, enforceable in accordance with the terms hereof except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights generally and except to the extent that the remedies of specific performance, injunctive relief and other forms of equitable relief are subject to equitable defenses, the discretion of the court before which any proceeding therefor may be brought, and the principles of equity in general;
- c) The Company has duly paid all rents, royalties and all public demands including provident funds dues, gratuity

dues, employees state insurance dues, income tax, sales tax, corporation tax and all other taxes and revenues payable to the GOI or to the GAP or to any local authority and that at present there are no arrears of such dues, rents, royalties, taxes and revenues due and outstanding and that no attachments or warrants have been served on the Company in respect of sales tax, income tax, Government revenues and other taxes.

- d) 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
- e) The execution and delivery by the Company of this Agreement has been duly authorized by all requisite corporate action, and will not contravene any provisions 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.

9.2 Representations and Warranties of the Board: The Board represents and warrants that:

- a) The Board is a statutory corporation duly organized and validly existing under the Laws of India and has all requisite legal power and authority to execute this Agreement and to carry out the terms, conditions and provisions hereof;
- b) This Agreement constitutes a valid, legal and binding obligation of the Board, enforceable in accordance with the terms hereof except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting creditors' rights generally and except to the

extent that the remedies of specific performance, injunctive relief and other forms of equitable relief are subject to equitable defenses, the discretion of the court before which any proceeding therefor 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 which 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 of this Agreement by the Board has been duly authorized by all requisite corporate action, and will not contravene any provision of, or constitute a default under, any other agreement or instrument to which it is party or by which it or its property may be bound.

9.3 **Mutual Covenants:** Each Party will duly pay all rents, taxes, cesses, fees, revenues, assessments, duties, other outgoings and other amounts owing by it and will observe all the rules and regulations pertaining to the same and will not do or omit to do or suffer to be done anything which could reasonably be expected to adversely affect or prejudice the interest and rights of the other Party in any manner whatsoever.

ARTICLE 10 DEFAULT

10.1 **Board Default:** The occurrence and continuation of any of the following events, unless any such event occurs as a result of a breach by the Company of its obligations under this Agreement, shall constitute a "Board Default":



- (a) the dissolution, pursuant to law, of the Board unless such dissolution is in connection with the privatization or other restructuring of all or any substantial part of the Board and (i) the GAP Guarantee and, if it has not previously expired in accordance with the terms thereof, the GOI Counter-Guarantee shall remain in place and shall be effective as to the Board's successor under this Agreement, (ii) the Board's successor under this Agreement expressly assumes the obligations of the Board under this Agreement, and (iii) the Board's successor under this Agreement is either a owner or operator of a substantial portion of the transmission system for Andhra Pradesh and/or a purchaser and seller of a substantial portion of the bulk supplies of electricity distributed in Andhra Pradesh and is otherwise capable of performing the obligations of the Board under this Agreement;
- (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, unless such transfer is in connection with the privatization or other restructuring of all or any substantial part of the Board and (i) the GAP Guarantee and, if it has not previously expired in accordance with the terms thereof, the GOI Counter-Guarantee shall remain in place and shall be effective as to the transferee under this Agreement, (ii) such transferee expressly assumes the obligations of the Board under this Agreement, and (iii) such transferee is either a owner or operator of a substantial portion of the transmission system for Andhra Pradesh and/or a purchaser and seller of a substantial portion of the bulk supplies of electricity distributed in Andhra Pradesh and is otherwise capable of performing the obligations of the Board under this Agreement;

(c) either:

(i) the GAP repudiates the GAP Guarantee, the GAP shall be in material breach of its obligations under the GAP Guarantee, or the GAP Guarantee shall cease to be a legal or binding obligation of the GAP other than by reason of the Company's failure to materially comply with its terms; or

(ii) the GOI repudiates the GOI Counter-Guarantee, the GOI shall be in material breach of its obligations under the GOI Counter-Guarantee, or the GOI Counter-Guarantee shall cease to be a legal or binding obligation of the GOI other than by reason of the Company's failure to materially comply with its terms;

(d) the occurrence and continuance of any non-payment of any payment obligation hereunder for a period of sixty (60) days or more or the non-payment of any payment obligation hereunder exceeding Rupees 30 Crores for a period of thirty (30) days or more; provided that the Company has made a demand for payment therefor (which demand shall be made under the appropriate Letter of Credit referred to in Article 6.6 if such Letter of Credit is in effect) to the extent outstanding and provided further that, if the GAP Guarantee is still in effect, the Company shall have made a demand on the GAP in respect of such payment obligation and the Company shall not have received payment from the GAP in accordance with the terms of the GAP Guarantee;

(e) a material breach by the Board of any of its obligations under this Agreement other than with respect to the obligation described in 10.1(d) above;



- (f) the Board shall assign or purport to assign its rights and transfer its obligations under this Agreement in violation of Article 16.3;
- (g) the Board repudiates this Agreement or evidences in any manner its intention not to perform its obligations under, or to be bound by, this Agreement; or
- (h) at any time during the term of this Agreement, the Board fails to provide, renew or replace the Letter of Credit described in Article 6.6 hereof and such failure continues for a period of 60 days after the deadline for such provision, renewal or replacement as provided in such Article 6.6.

10.2 Remedies of the Company: Upon the occurrence and continuance of a Board Default as set forth in Article 10.1 above, the Company shall at its option, have the right to specific performance of this Agreement, and/or to receive damages as would be available under Law by giving reasonable notice to the Board, and/or to terminate this Agreement as per Article 10.5.

10.3 Company Default. The occurrence and continuation of any of the following events, unless any such event occurs as a result of a breach by the Board of its obligations under this Agreement, shall constitute a "Company Default":

- (a) the failure of the Company to achieve Financial Closing within 90 days after the date determined as per Article 8.1(g); provided, however, in the event the Company gives notice to the Board that the Company believes the Project is no longer viable other than for Indian Political Events or any failure by the Board to comply with its obligations hereunder (for which the date of Financial Closing will be extended by one day for each day such Indian Political Events or failure exists), the Board may



deliver a notice to the Company that terminates this Agreement no less than seven (7) days after such notice;

- (b) the failure of the Project to achieve Final Performance Acceptance (as defined in the Construction Contract) by the date which is fifteen (15) months after the Scheduled Date of Completion 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 to comply with its obligations under this Agreement, including the Board's failure to complete the Interconnection Facilities, provided the total extension of time for delay attributable to Force Majeure (other than Indian Political Events) does not exceed fifteen (15) months;
- (c) if the Company abandons the Project for a period exceeding 45 consecutive days (other than by reason of Force Majeure or a Board Default) and 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 abandoned the Project and clearly stating the Board's intent to terminate this Agreement pursuant to this Clause (c), the Company does not explain the reasonable and appropriate measures that it intends to take to proceed with the Project (which measures may include an investigation into the facts surrounding such interruption and the methods that may be used to overcome the impediments to re-commencement) and does not begin and thereafter continue to take such measures until such measures are no longer required;
- (d) if the Project is designed, constructed or completed (i) in a manner that materially deviates from the technical specification that is part of the Techno-Economic Clearance of the Authority or (ii) in material violation of any significant applicable Law or (iii) in a manner which

deviates materially from Prudent Utility Practices and 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 (d), 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 (i) above, by seeking any applicable waiver of or amendment to the Techno-Economic Clearance) and does not begin and thereafter continue to take such measures until such measures are no longer required;

- (e) if the Company willfully or recklessly fails in a material respect to operate and maintain the Project in accordance with Prudent Utility Practices with a view to providing the Installed Capacity in accordance with this Agreement and the Technical Limits and, 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 (e), the Company does not explain the reasonable and appropriate measures that it intends to take to cure any such material failure and does not begin and thereafter continue to take such measures until such measures are no longer required;
- (f) if the Company regularly refuses to comply with valid Dispatch Instructions (as defined in Article 2.1) (except where the Company reasonably believes that such refusals are justified by the terms of this Agreement, including, without limitation, Prudent Utility Practices and the Technical Limits) 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 valid Dispatch Instructions, the Company does not reasonably establish

that such refusals were not in willful or reckless disregard of the Company's obligations under this Agreement;

- (g) if the Company regularly refuses to declare available in accordance with Article 2.6 the Declared Capacity and (except where the Company reasonably believes that such refusals are justified by the terms of this Agreement, including, without limitation, Prudent Utility Practices and the Technical Limits) 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 declare available in accordance with Article 2.6 the Declared Capacity, the Company does not reasonably establish that such refusals were not in willful or reckless disregard of the Company's obligations under this Agreement;
- (h) the dissolution, pursuant to law, of the Company except for the purpose of a merger, consolidation or reorganization that does not affect the ability of the resulting entity to perform its obligations hereunder and provided that such resulting entity expressly assumes such obligations;
- (i) the transfer, pursuant to law, of either (i) the rights and/or obligations of the Company hereunder or (ii) all or a substantial portion of the assets or undertakings of the Company, except where such transfer does not affect the ability of the transferee to perform its obligations under this Agreement and provided that such transferee expressly assumes such obligations;
- (j) the failure of the Company, subject to Indian Political Events or any failure by the Board to comply with its obligations hereunder, to commence procurement and

construction activities with respect to the Project within 6 months of Financial Closing;

- (k) any failure by the Company to make any payment or payments required to be made to the Board either directly or as a credit in the bill presented to the Board under this Agreement within sixty (60) business days after the due date for such payment, or the failure to make payments in excess of Rupees thirty (30) Crores for a period of thirty (30) days or more;
- (l) if, without the prior written consent of the Board, any employee or agent of the Company tampers with the Interconnection Facilities (except where such action was taken to prevent immediate injury, death or property damage and the Company has used its best efforts to notify the Board of such action) 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 such tampering has occurred, the Company does not reasonably establish that the tampering (if it occurred) was not authorized by the Company and the Company has taken reasonable precautions to prevent such tampering, and does not indemnify the Board fully against any losses resulting from such tampering;
- (m) the Company shall assign or purport to assign its rights and transfer its obligations under this Agreement or transfer or charge its assets in violation of Article 16.3;
- (n) if the Company terminates or substantially modifies the Construction Contract or the O&M Agreement other than for a good cause or default by the contractor or operator;
- (o) the Company repudiates the Agreement or evidences in any manner its intention not to perform its obligation under, or to be bound by this agreement;

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- (p) a material breach by the Company of any of its obligations under this Agreement other than with respect to the obligation described in Article 10.3(k) above;
- (q) the failure of the Project either (A) to have an Installed Capacity of at least 194 MW at Site Reference Conditions as of the Combined Cycle Acceptance Date or (B) to maintain thereafter during the term of this Agreement, a gross generating capacity (at Site Reference Conditions) of at least 80% of the Installed Capacity (excluding in each case temporary depletion of capacity due to events of Force Majeure) as such capacity is determined in a capacity test conducted pursuant to Article 2.3, and provided the Company is not able to demonstrate such capacity in any subsequent test permitted pursuant to Article 2.3; or
- (r) the Sponsors shall cease to own, directly or indirectly, at least the percentage of voting shares and equity share capital of the Company specified in the GOI Counter-Guarantee that the Company is obligated, if applicable, to own, without the Board's consent.

10.4 Remedies of the Board: Upon the occurrence and continuance of a Company Default as set forth in Article 10.3 above, the Board shall, at its option, have the right to specific performance of this Agreement, and/or to receive damages as would be available under Law by giving reasonable notice to the Company, and/or to terminate this Agreement as per Article 10.5. In addition, except in the event of a Company Default as set forth in Articles 10.3(a) and 10.3(k), in the event of a Company Default in the case where either the Company shall have abandoned the Project or the Board (subject to the rights of the Lenders) would have the right to terminate this Agreement without the further passage of time, the Board shall have the right to step in and operate and maintain the Project without liability to the Company or the Lenders except for the Board's willful misconduct or gross negligence; provided,

however, prior to exercising such right the Board shall have obtained the written consent of the Lenders. If the Board invokes such right, it shall be responsible for paying the debt service, insurance costs and operating costs of the Project arising during the period that such right is being exercised by the Board but shall have no liability to pay the Tariff.

10.5 Termination.

- (a) Upon the occurrence and continuation of any of the Company Defaults described in Articles 10.3 (a), (b), (d), (j), (k), (m), (n), (o), (p), (q) or (r) or any of the Board Defaults described in Articles 10.1 (c), (d), (e), (f) or (h), the Party which has not defaulted may deliver a notice (the "Consultation Notice") to the defaulting Party, pursuant to which the Parties shall consult for a period of up to sixty (60) days (or such longer period as they may agree) (the "Consultation Period") as to what steps shall be taken with a view to mitigating the consequences of the relevant event having regard to all the circumstances.
- (b) The Board may at any time:
 - (i) only after the expiration of a Consultation Period following a Company Default, unless the Parties shall have otherwise agreed or the Company Default giving rise to the Consultation Period shall have been remedied; or
 - (ii) only after the occurrence and continuation of any of the Company Defaults described in Articles 10.3 (c), (e), (f), (g), (h), (i) or (l); or
 - (iii) only if, in the same Tariff Year, the Board has on one occasion previously issued a Consultation Notice following the occurrence of a Company Default set forth in Article 10.3(k), then after a subsequent

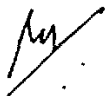


occurrence in that Tariff Year of a Company Default under Article 10.3(k);

and subject to the rights of the Parties in Article 10.5(d), terminate this Agreement by delivering a notice of termination of this Agreement (a "Board Termination Notice") to the Company and to the Lenders or their Security Agent (as defined in the Financing Documents);

- (c) The Company may at any time:
- (i) only after the expiration of a Consultation Period following a Board Default, unless the Parties shall have otherwise agreed or the Board Default giving rise to the Consultation Period shall have been remedied; or
 - (ii) only after the occurrence and continuation of any of the Board Defaults described in Articles 10.1 (a), (b), (g) or (h); or
 - (iii) only if, in the same Tariff Year, the Company has on one occasion previously issued a Consultation Notice following the occurrence of a Board Default set forth in Article 10.1(d), then after a subsequent occurrence in such Tariff Year of a Board Default under Article 10.1(d);

and subject to the rights of the Parties in Article 10.5(d), terminate this Agreement by delivering a notice of termination of this Agreement (a "Company Termination Notice") to the Board and to the Lenders or their Security Agent.

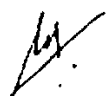


(d) In the event either Party delivers a termination notice to the other Party, the following procedures and cure periods shall be observed and shall have expired, respectively, prior to this Agreement actually being terminated and of no further effect (the date of such termination being the "Termination Date"). Either Party may within 180 days from the date it receives the termination notice: (A) attempt to cure the event of default which gave rise to the termination notice (and if such cure is effected the termination notice shall be and will be deemed withdrawn), except for a payment default as set forth in Articles 10.1(d) and 10.3(k) and the Letter of Credit default as set forth in Article 10.1(h) for which no cure period shall be available and provided that with respect to a default set forth in Article 10.1(e) or 10.3(p) which is not reasonably capable of being cured within such 180 day period (but which is nevertheless capable of being cured), then such 180-day period shall be extended as reasonably necessary (but not by more than an additional 180 days) to enable the defaulting party to effect such cure, provided the defaulting Party is using its best efforts to remedy such default; or, (B) in the case of a Board Termination Notice being delivered, the Company may transfer, sell and/or assign the Project to the Board, the Lenders or any third party purchaser, in which case, if such sale is effected (with the consent of the Board which consent will not be unreasonably withheld), then such new owner of the Project shall have the balance of the 180-day period (or such longer period as may be available with respect to an Event of Default under Article 10.3(p)) to cure the Company Default; provided, however, it being understood that the failure of the Board to give its consent to such proposed sale shall be deemed to be reasonably withheld only if the proposed sale is to a third-party purchaser and (i) the Board demonstrates to the satisfaction of the Lenders that such third-party purchaser is incapable of administering the construction

and or operation of the Project as required by this Agreement. (ii) the GAP has been notified by the Ministry of External Affairs of the Government of India that transfer to that third party would prejudice the national security interests of India, either of which refusal to consent shall be subject to any other rights that the Lenders may have with respect to the foregoing or (iii) all of the Lenders (or the Security Agent on their behalf) shall not have given their written consent to the proposed sale.

10.6 Consequences of Termination.

- (a) In the event that the Company gives a Company Termination Notice to the Board pursuant to Article 10.5(c), then the Board shall, at the Company's option, purchase the Project at a purchase price as determined pursuant to Schedule A. The Company may exercise such option at any time within 30 days after the expiration of the cure period set forth in Article 10.5(d), if any.
- (b) In the event the Board gives a Board Termination Notice to the Company pursuant to Article 10.5(b), then the Company shall, at the Board's option, sell the Project to the Board at a purchase price as determined pursuant to Schedule A. The Board may exercise such option, subject to the Lenders' rights, at any time within 30 days after the expiration of the cure period set forth in Article 10.5(d), if any.
- (c) In the event the Company exercises any option it may have to sell the Project to the Board pursuant to Schedule A, the Company shall sell the Project to the Board at a purchase price as determined pursuant to Schedule A.



- (d) In the event the Board exercises its purchase option in writing pursuant to Article 7.3, the Company shall sell the Project to the Board at a purchase price as determined pursuant to Schedule A.
- (e) Any notice delivered pursuant to clauses (a), (b), (c), or (d) of this Article 10.6 that exercises an option shall be referred to as a "Buy-out Notice".
- (f) If this Agreement terminates or expires but the Board or the Company does not exercise its respective option to issue a Buy-out Notice within the permitted time frame, then the Company will continue to own the Project.
- (g) Once a Buy-out Notice has been issued, the Parties will follow the procedures described in Schedule A to determine the purchase price for the buy-out and to effect the sale of the Project to the Board.
- (h) The obligations to the parties to provide and pay for the electrical energy generated by the power station in accordance with this Agreement shall not be terminated until the earlier of (i) the date on which the period within which the option exercisable by the Company under Article 10.6(a) or, as the case may be, by the Board under Article 10.6(b) expires or (ii) the date on which the sale of the Project by the Company to the Board is scheduled to be consummated in accordance with Schedule A.
- (i) Upon the written request of the Board, the Company shall sign, execute and deliver, or cause to be signed, executed and delivered, and do or make, or cause to be done or made, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may reasonably be required by the Board for the purpose of or in connection with the transfer set forth in this Article 10.6, including without limitation, transferring to the Board all land, buildings, fixtures and

fittings, equipment related warranties, copies of all manufacturers' specifications, manufacturers' operation and maintenance manuals, schedules of protection schemes and protective relay settings, and signed and sealed copies of all as-built drawings for the Project, including the civil and architectural works.

ARTICLE 11 FORCE MAJEURE

11.1 Definition of Force Majeure.

- (a) "Force Majeure" shall mean any event or circumstance or combination of events or circumstances that materially and adversely affects any Party in the performance of its obligations in accordance with the terms of this Agreement, but only if and to the extent that such events and circumstances are not within the affected Party's control, and the effects of which the affected Party could not have prevented through Prudent Utility Practices or, in the case of construction activities, through reasonable skill and care, including through the expenditure of reasonable sums of money. Any events or circumstances meeting the description of Force Majeure which have the same effect upon the performance of any of the Company's contractors shall constitute Force Majeure with respect to the Company.
- (b) Force Majeure circumstances and events shall include the following events to the extent that they or their consequences satisfy the above requirements:
 - (i) the following Non-Political Events ("Non-Political Events") comprising:
 - (1) the effect of any natural element or other act of God, including but not limited any storm,

flood, drought, lightning, earthquake, cyclone or other natural disaster;

- (2) fire, accident, breakage of facilities or equipment, structural collapse or explosion which the Party claiming to have been subject to Force Majeure demonstrates to have been attributable to a cause other than (A) inherent defects of any equipment comprising the Project, (B) the failure to carry out the Project in accordance with Prudent Utility Practices, or (C) circumstances within the reasonable control of the affected Party's contractors;
 - (3) strikes, work to rule actions or similar labor difficulties not set forth in Article 11.1(b)(ii)(1)(B) (excluding such events which are site specific and attributable to the Company);
 - (4) any failure or delay of a contractor to the Project, but only to the extent caused by another Non-Political Event and which do not result in offsetting compensation being payable to the Company by or on behalf of such contractor;
 - (5) epidemic, plague or quarantine;
 - (6) air crash, shipwreck, train wrecks or failure or delays of transportation that were not reasonably foreseeable;
 - (7) any event or circumstance of a nature analogous to the foregoing; and
- (ii) the following Indian Political Events ("Indian Political Events") comprising:

(1) the following events ("Indirect Indian Political Events") being:

(A) acts of war (whether declared or undeclared), sabotage, terrorism or act of public enemy (including the acts of any independent unit or individual engaged in activities in furtherance of a program of irregular warfare), acts of foreign enemies (whether declared or undeclared), blockages, embargoes, civil disturbance, revolution, rebellion or insurrection, exercise of military or usurped power, or any attempt at usurpation of power;

(B) strikes, work to rule actions, go-slows or similar labor difficulties, or other labor action caused in whole or in part by agitation or unrest, that are not primarily motivated by a desire to improve compensation or working conditions of those involved (excluding such events which are site specific and attributable to the Company); or

(C) any event or circumstance of a nature analogous to any of the foregoing;

(2) the following events ("Direct Indian Political Events") being:

(A) any Government Agency's unlawful or discriminatory delay, material modification, denial or refusal to grant or renew, or any unlawful or discriminatory, revocation of, any

required Permit Provided that such delay, modification, denial, refusal or revocation did not result from the Company's inability to comply with any condition relating to the granting, maintenance or renewal of the applicable Permit in effect at Financial Closing;

- (B) a Change in Law;
- (C) the expropriation or compulsory acquisition by any Government Agency of (X) any shares in the Company or any of its contractors if the result would be to acquire control of the subject company, or (Y) any assets or rights of the Company or any of its contractors adversely affecting the performance by the Company or its contractors of any of its obligations pursuant to any of the Financing Documents or any of the agreements entered into by the Company in connection with the Project and approved by the Board;
- (D) any event or circumstance affecting the ability of any supplier to the Project to fulfill its obligations to the Company in respect of the Project where such event or circumstance would constitute an Indian Political Event but only to the extent such event or circumstance did not result in offsetting compensation being paid to the Company by or on behalf of such supplier provided that the Company makes reasonable efforts to seek compensation from such

supplier and acts fairly in relation to the interests of the Board in any determination to accept compensation payable to the Company by such supplier; or

- (E) any event or circumstance of a nature analogous to the foregoing.

Provided that any event or circumstance that would constitute both an Indirect Indian Political Event and a Direct Indian Political Event shall be deemed to be a Direct Indian Political Event.

- (c) Notwithstanding the foregoing provisions of this Article 11.1, none of the following conditions shall constitute an event or circumstance of Force Majeure unless the existence of such condition is the result of an event or circumstance of Force Majeure:
 - (i) late delivery of plant, machinery, equipment, materials, spare parts, consumables or fuel for the Project, or
 - (ii) a delay in the performance of any of the Company's contractors.

11.2 Continuing Obligation to Pay and Adjustments to the Tariff

- (a) An event or circumstance of Force Majeure shall not in any event excuse any failure to pay or any delay in payment of money due and payable under this Agreement;
- (b) To the extent that the Company is entitled to have Deemed Generation attributable to an Indirect Indian

Political Event taken into account for the purpose of Article 3.10.1, the Tariff payable to the Company shall be reduced by the Return on Equity attributable to that Deemed Generation.

- (c) To the extent that the Company claims Deemed Generation pursuant to Article 3.10.1 due to a Non-Political Event of Force Majeure described in Article 11.1(b)(i)(1) and (2) having been declared by the Board, the Tariff payable to the Company shall be reduced by the Return on Equity attributable to such Deemed Generation but only for so long as the Board shall be complying with its obligations under Articles 11.3 and 11.4.

11.3 Notification Obligations

- (a) The Party claiming Force Majeure shall give notice to the other Party of the event or circumstance of Force Majeure being claimed as soon as possible after becoming aware of its existence. The affected Party shall thereafter furnish weekly written reports to the other Party with respect to its progress in overcoming the effects of the event or circumstance of Force Majeure together with such supporting documentation and information as the other Party reasonably requires regarding the affected Party's claim of Force Majeure.
- (b) The Party claiming Force Majeure shall give notice to the other Party of:
 - (i) the cessation of the event or circumstance of Force Majeure being claimed; and
 - (ii) the cessation of the effects of the event or circumstance of Force Majeure being claimed on the enjoyment by such Party of its rights or the

performance of its obligations pursuant to the Agreement,

as soon as possible after becoming aware thereof.

11.4 Duty to Mitigate

The Party affected by the event or circumstance of Force Majeure shall use its reasonable efforts to mitigate and overcome the effects of the event or circumstance of Force Majeure as soon as practicable. Provided that neither Party shall be required under this Article 11.4 to settle any strike or labor dispute on terms it considers to be unfavorable to it.

11.5 General Consequences of Force Majeure

Providing that a Party affected by Force Majeure has complied with the terms of this Article 11 and except as provided in Article 11.2:

- (a) a Party shall not be responsible or liable for its breach or non observance of the terms of this Agreement arising due to its failure or delay in performing its obligations hereunder as a consequence of an event or circumstance of Force Majeure for so long as that event or circumstance of Force Majeure is in effect and continuing, and
- (b) any time period specified in this Agreement for the performance of any obligation hereunder by the affected Party shall be extended by a period equal to the duration of the event or circumstance of Force Majeure. Provided that the affected Party shall not be entitled to any such extension to the extent that such delay or failure would have occurred irrespective of the event or circumstance of Force Majeure.



11.6 Consequences of a Change in Law

The Company shall not be entitled to claim relief under this Article 11 with respect to a Change in Law with which the Company is capable of complying, except (i) to the extent that PLF is unavoidably reduced as a result of that Change in Law and the Company is entitled to relief pursuant to Article 12 in respect of any additional costs and (ii) as provided in Article 11.2(a).

11.7 Termination due to Indian Political Events After the Commercial Operation Date

- (a) After the Combined Cycle COD if the PLF of the Project has been reduced for a continuous period of 277 days or longer due to the occurrence of a Direct Indian Political Event (disregarding any Deemed or Notional Generation during such period), by an amount equal to or exceeding 50% of the PLF achieved in the most recent full (12 month) Tariff Year in which PLF was not affected by the occurrence of a Direct Indian Political Event, the Board may for so long as such Direct Indian Political Event is continuing, elect in writing to require the Company to sell the Project to the Board at the Buy-out Price determined in accordance with Schedule A. If the Board does not exercise its option to purchase the Project under this Article 11.7(a) it shall continue to make payments to the Company in accordance with Article 11.2. In the event that there is no prior full (12 month) Tariff Year in which PLF was not affected by the occurrence of a Direct Indian Political Event, the loss of generation over 277 days that shall result in the Board's right to a buy-out election shall be 37.5% times Installed Capacity times 6648 hours.
- (b) After the Combined Cycle COD if the PLF of the Project has been reduced for a continuous period of 540 days or greater due to the occurrence of an Indirect Indian Political Event (disregarding any Deemed or Notional

Generation during such period) by an amount equal to or exceeding 50% of the PLF achieved in the most recent full (12 month) Tariff Year in which PLF was not affected by the occurrence of an Indirect Indian Political Event, the Board may for so long as such Indirect Indian Political Event is continuing, elect in writing to require the Company to sell the Project to the Board at the Buy-out Price determined pursuant to Schedule A. If the Board does not exercise its option to purchase the Project under this Article 11.7(b), it shall continue to make payments to the Company in accordance with Article 11.2. In the event that there is no prior full (12 month) Tariff Year in which the PLF was not affected by the occurrence of an Indirect Indian Political Event, the loss of generation over 540 days that shall result in the Board's right to a buy out election shall be 37.5% times the Installed Capacity times 12, 960 hours.

- (c) Any notice delivered in accordance with Article 11.7(a) or Article 11.7(b) shall be referred to as a "Buy-out Notice". Upon receipt of a Buy-out Notice and full payment immediately available funds of the Buy-out Price determined pursuant to Schedule A, this Agreement shall terminate. Until such time as the final payment of the Buy-out Price is received by the Company in accordance with this Article 11.7(c), this Agreement shall remain in full force and effect.

ARTICLE 12 CHANGE IN LAW

- 12.1 Definition of Law: For the purposes of this Agreement, "Law" means any act, rule, regulation, notification, order or instruction having the force of law enacted or issued by any competent legislature, government or statutory authority in India.

12.2 Definition of Change in Law: For the purposes of this Agreement, "Change in Law" means (i) any enactment or issue of any new Law, (ii) any change in an official interpretation of an existing Law, (iii) any amendment, alteration, modification or repeal of any existing Law by a competent court, tribunal, or legislature in India which is contrary to the existing accepted interpretation thereof, in each case coming into effect after the date of this Agreement, provision for which has not been made elsewhere in the Agreement, or (iv) any change in Depreciation by GOI.

12.3 Delays: In the event any Change in Law coming into force prior to the Scheduled Date of Completion causes any delay in completion of the Project, the Scheduled Date of Completion of the Project shall be extended to the extent as may be reasonably necessary to compensate for such delay.

12.4 Additional Expenditures and Reduced Expenditures:

The amount of any additional expenditure incurred by the Company in relation to the Project, which is reasonably necessary to comply with any Change of Law coming into force prior to the Combined Cycle COD shall be added to the Capital Cost, subject to approval by the Authority. To the extent the amount of any such expenditure shall have been funded with Debt, the interest on Debt attributable thereto shall be reflected in the Tariff, and to the extent the amount of any such expenditure shall have been funded with Equity, the Return on Equity and incentive payments attributable thereto shall be reflected in the Tariff. The amount of such additional Debt or Equity shall be subject to the approval of the Authority. The amount of any reduction in expenditures actually incurred by the Company in relation to the Project occurring as a direct result of any Change of Law coming into force prior to the Combined Cycle COD shall be subtracted from the Capital Cost, subject to approval by the Authority. To the extent the amount of any such reduction in expenditure shall have reduced the actual Debt, the reduced interest on Debt attributable thereto shall be reflected in the Tariff, and to the extent the amount of

any such reduction in expenditure shall have reduced the actual Equity, the Return on Equity and incentive payments attributable thereto shall be reflected in the Tariff.

- 12.5 **Additional Facilities: Modifications.** Where any Change in Law coming into force after the Combined Cycle COD requires the construction of any additional facilities or modifications of any existing facility of the Project, the Company may incur such expenditure thereon as may be reasonably required to comply with such Change in Law and the amount of such expenditure shall be added to the Capital Cost subject to approval by the Authority. The Company shall provide the Board with as much prior notification of such additions or modifications and their costs as is reasonably practicable. To the extent the amount of any such expenditure shall have been funded with Debt, the interest on Debt and Depreciation attributable thereto shall be reflected in the Tariff and to the extent the amount of any such expenditure shall have been funded with Equity, the Return on Equity attributable thereto shall be reflected in the Tariff. The amount of such additional Debt or Equity shall be subject to the approval of the Authority.
- 12.6 **Other Increased or Decreased Costs:** To the extent that the Company incurs any other increased costs (including, Without Limitation, any increased operation and maintenance expenses or decreased Depreciation), which are reasonably necessary to comply with any Change of Law, which are not covered by the escalations in the Tariff elsewhere provided in this Agreement, the amount of such costs shall be billed to the Board on monthly basis and paid by the Board on the Due Date of Payment. To the extent that any other costs to the Company are actually decreased (including, Without Limitation, any decreased operation and maintenance expenses), or any revenues to the Company are actually increased as a direct result of any Change of Law, which are not covered by the escalations in the Tariff elsewhere provided in this Agreement, the amount of such decrease in costs shall be included in the amounts billed to the Board on a monthly basis and paid by the

Board on the Due Date of Payment. In the event a Change in Law results in any other detrimental or beneficial impact on the Company that is not reflected in the escalations to the Tariff provided in this Agreement, the Tariff shall be increased or decreased as applicable to provide that the impact of such Change in Law is reflected in the Tariff.

- 12.7 There shall be no increase or decrease in the amounts billed to the Board as a result of the adjustments provided for in Articles 12.4, 12.5 and 12.6 unless the reasonably expected increase or decrease in costs resulting from such Change in Law exceeds Rs. 3,000,000 in a Tariff Year. Either Party may resort to the dispute resolution provisions in Article 15 hereof in the event the Parties are unable to agree upon and implement any change required pursuant to this provision within ninety (90) days after either Party first notifies the other of a Change in Law giving rise to rights under this Article 12.

ARTICLE 13 BUYOUT

13.1 Buyout Notice:

A Buyout Notice shall be issued in accordance with Article 10 or 11.

13.2 Buyout Price:

- a) If the Company requires the Board to purchase the Project in accordance with this Agreement, the Buyout Price shall be determined in accordance with Schedule A attached hereto.
- b) If the Board requires the Company to sell the Project to the Board in accordance with this Agreement, the Buyout Price shall be determined in accordance with Schedule A attached hereto.

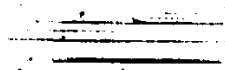
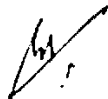
The Buyout Price shall be determined in accordance with Schedule A attached hereto by the Appraiser (as defined in Schedule A).

13.3 Payment of Buyout Price:

The Buyout Price shall be paid in Rupees. The Appraiser shall ascertain the portion of the Buyout Price which needs to be converted into foreign currency to repay any Foreign Debt outstanding and/or any Foreign Equity and such portion will be calculated in such foreign currency and converted into Rupees at the Current Rate of Exchange prevailing on the date of payment to the Company. The Board shall assist the Company in receiving Government Agency clearance for converting and remitting this amount. Any late payment shall bear interest at a rate equal to the weighted average rate of interest applicable to the Debt of the Company. Upon payment of the Buyout Price to the Company in immediately available funds, the Company shall transfer and assign to the Board all of its right, title and interest in the Project except to the extent excluded pursuant to Article 3 of Schedule A. This Agreement shall terminate after (i) payment in full to the Company of the Buyout Price and (ii) the transfer and assignment by the Company to the Board of its right, title and interests in the Project.

ARTICLE 14 NOTICES

14.1 Delivery: Except as otherwise expressly provided in this Agreement, all notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by registered or certified mail, telefax, telex or telegram addressed as follows:



If to the Company:

Attention:	Chairman and Managing Director, "KOHINOOR" No. 6-3-251, Road No. 1, Banjara Hills, Hyderabad - 500 034, India.
Telex No.	0428-6263
Tele Fax No.	040-396885/395108
Telephone	040-396883/396884

If to the Board:

	Chairman, Andhra Pradesh State Electricity Board, Vidyut Soudha, Hyderabad - 500 049, India.
Telex No.	0428 - 6318 APSEB IN
Tele Fax No.	040 - 393317
Telephone	040 - 317643

All notices or communications given by telefax, telex or telegram shall be confirmed by depositing a copy of the same in the post office in an envelope properly addressed to the appropriate party for delivery by registered or certified mail. All notices shall be deemed delivered upon receipt.

- 14.2 Address Changes: Any Party may by notice change the address and/or addresses to which such notices and communications to it are to be delivered or mailed.

ARTICLE 15 ARBITRATION

15.1 Informal Dispute Resolution:

- a) Each Party shall designate in writing to the other Party a representative who shall be authorized to resolve any

dispute arising under this Agreement in an equitable manner.

- b) Following notice by one Party to the other setting out the particulars of the dispute, if the designated representatives are unable to resolve a dispute under this Agreement within 15 days, such dispute shall be referred by such representatives to a senior officer designated by the Company and a senior officer designated by the Board, respectively, who shall attempt to resolve the dispute within a further period of 15 days.
- c) The Parties hereto agree to use their best efforts to attempt to resolve all disputes arising hereunder promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to any and all non-privileged records, information and data pertaining to any such dispute.

15.2 Arbitration:

- a. In the event that any dispute is not resolved between the Parties pursuant to Article 15.1, then such dispute shall be settled exclusively and finally by arbitration. It is specifically understood and agreed that any dispute that cannot be resolved between the Parties, including any matter relating to the interpretation of or arrangements related to this Agreement, shall be submitted to arbitration irrespective of the magnitude thereof, and the amount in dispute or whether such dispute would otherwise be considered justiciable or ripe for resolution by any court or arbitral tribunal. This Agreement and the rights and obligations of the Parties hereunder shall remain in full force and effect pending the award in such arbitration proceedings, which award shall determine whether and when termination of this Agreement if relevant shall become effective.

- b. Each arbitration shall be conducted in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce as in effect on the date hereof (the "Rules") except to the extent the Rules conflict with the provisions of this Article 15.2, in which event the provisions of this Article 15.2 shall prevail. Any award rendered pursuant to arbitration hereunder shall be a "foreign award" within the meaning of the Indian Foreign Awards Act, 1961.
- c. Each arbitral tribunal shall consist of three arbitrators. Each Party shall appoint one arbitrator for each arbitration, and the arbitrators appointed shall appoint the third arbitrator for such arbitration, or if the two arbitrators cannot agree, the third arbitrator shall be appointed by the court of arbitration of the International Chamber of Commerce. No arbitrator shall be present or former employee or agent of, or consultant or counsel to, either Party or any affiliate of either Party, or in any way related or closely connected with the promoters, partners, or beneficiaries of the Parties.
- d. Each arbitration shall be conducted in London. The Parties agree to exclude any right of application to any court or tribunal of competent jurisdiction in connection with any question of law arising in the course of any arbitration within the provisions of Indian Foreign Awards Act, 1961.
- e. The language to be used on all written documents provided in each arbitration shall be English.
- f. Any decision or award of an arbitral tribunal appointed pursuant to this Article 15.2 shall be binding upon the Parties. The Parties waive any rights to appeal or any review of such award by any court or tribunal of the competent jurisdiction. The Parties agree that any

arbitration award made may be enforced by the Parties against assets of the relevant Party wherever those assets are located or may be found, and judgment upon any arbitration award may be entered by any court of competent jurisdiction thereof. The Parties expressly submit to the jurisdiction of any such court.

- g. The arbitrators shall denote the currency or currencies in which any awards shall be paid along with appropriate mechanisms for protecting the recipient of such award (if made in Rupees) from fluctuations in currency exchange rates between the date of such award and the date payment thereof is made.
- h. Any arbitration proceedings or award rendered hereunder and the validity, effect and interpretation of this Article 15 shall be governed by the laws of England and by the New York Convention on the Recognition and Enforcement of Arbitral Awards, June, 10, 1958, to which India is a party.
- i. Each Party agrees that for the purpose of enforcement of arbitration award or for the purpose of obtaining a judgment in any court with respect to the enforcement of any arbitration award made by the arbitration proceeding mentioned in Article 15, it shall be necessary to convert only that part of the amount payable in foreign currency to lending institutions and Foreign Equity holders into foreign currency at the Current Rate of Exchange as on the date of actual payment. If it shall be necessary to convert to any other currency any amount due under any arbitration award and a change shall occur between the rate of exchange applied in making such conversion and the rate of exchange prevailing on the date of payment of such judgment, the Parties agree to pay such additional amounts (if any) as may be necessary to ensure that the amount paid on the date of payment is the amount in such other currency which, when

converted in accordance with normal banking procedures, will result in receipt by the appropriate party of the full amount then due. Each Party also agrees that any amount due from it under this Article 15.2(i) shall be due as a separate debt and shall not be affected by or merged into any judgment being obtained for any other sum due under or in respect of this Agreement.

15.3 No Arbitration of Buy-out price: Notwithstanding the generality of the provisions of Article 15.1 and 15.2 any determination of the Buy-out Price described in Schedule A shall be made exclusively by the Appraiser in accordance with Schedule A, and neither Party shall have the right to cause any such determination to be resolved by arbitration or otherwise.

15.4 Acceptance Test/Capacity Test Dispute: Notwithstanding the generality of the provisions of Article 15.1 and 15.2, in the event of a dispute regarding the result of a test performed to determine the capacity of any Generating Unit or of the Project, the Parties shall, within 15 days, appoint an expert having the relevant professional qualifications who shall be instructed to advise the Parties, and failing resolution of the dispute within 30 days of appointment of the expert the provisions of Article 15.1 and 15.2 shall apply.

ARTICLE 16 SPECIAL PROVISIONS

16.1 Variations, Waivers and Modifications: No variation, waiver or modification of any of the terms of this Agreement shall be valid unless communicated in writing and signed by or on behalf of the Parties.

16.2 Severability: 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.

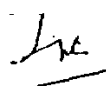
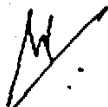


- 16.3 Assignment: Neither Party shall assign or part with any of its rights or obligations under this Agreement to any third party without the prior approval in writing of other Party. Notwithstanding the foregoing, for the purpose of obtaining financing for the Project, the Company may assign or create security over its rights and interests under or pursuant to this Agreement. The Board shall execute all such consents to assignment and/or acknowledgments of any security created in accordance with this Article 16.3 at Financial Closing as are reasonably requested by the Company to give effect to the foregoing.
- 16.4 No Walver: 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.
- 16.5 Mutual Agreement: 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 not later than the date specified in the concerned clause of this Agreement and where no such date has been specified, not later than the date of Financial Closing.
- 16.6 Governing Law: Except as provided in Article 15, this Agreement shall be governed by, and construed in accordance with, the Laws of India as in effect from time to time.
- 16.7 Walver of Immunity: The Board and the Company are subject to civil and commercial law with respect to its obligations under this Agreement, and the execution, delivery and performance hereof by them constitutes (for the purposes of the Foreign Sovereign Immunities Act of the United States of America and applicable Indian Law and otherwise) private and

commercial acts rather than governmental and public acts. To the extent that the Board or the Company may in any jurisdiction claim for itself or any of its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, or to the extent that in any jurisdiction there may be attributed to the Board or its assets or revenues any such immunity (whether or not claimed), the Board and the Company hereby agrees not to claim and irrevocably waives any such immunity.

- ✓16.8 The Parties hereby expressly agree that, notwithstanding anything contained in this Agreement or any other agreement, if any element of the Tariff provided for in this Agreement shall be in deviation of, inconsistent with or repugnant to the provisions contained in the Indian Electricity (Supply) Act, 1948 and, in particular Notification No. S.O. 251(E) dated 31/03/92, as amended by Notification No. S.O. 36(E) of 18/19 January 1994, S.O. 605(E) dated 22 August 1994, S.O. 39(E) dated 13 January 1995, S.O. dated 6 November 1995, and Resolution A-27/94-IPC dated 6 November 1995, copies of which are annexed at Schedule D, such element shall be deemed to be amended to the extent required to bring it into compliance with the relevant provisions of the aforesaid notifications and any amounts paid by the Board in excess of the Tariff as so amended shall be repaid by the Company.

Provided, however, that in no Billing Month shall the amount required to be refunded pursuant to this Article 16.8 reduce the Tariff payable to the Company hereunder below the amount of the Fixed Charge (excluding the Return on Equity element) and Variable Charge otherwise payable in such Billing Month.



The Parties hereby expressly agree and aver that the Tariff provided for in this Agreement is not in deviation of, inconsistent with or repugnant to the Indian Electricity (Supply) Act, 1948 and the Notifications attached hereto at Schedule D.

WITNESSES

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FOR AND ON BEHALF OF

G V K INDUSTRIES LIMITED

FOR GVK INDUSTRIES LIMITED

G. V. KRISHNA REDDY
Chairman & Managing Director
(G V KRISHNA REDDY)

CHAIRMAN & MANAGING
DIRECTOR

FOR AND ON BEHALF OF

WITNESSES

1

2

ANDHRA PRADESH STATE
ELECTRICITY BOARD

J. Parthasarathy
(J. PARTHASARATHY)
CHAIRMAN, APSEB

J. PARTHASARATHY
CHAIRMAN
A.P. STATE ELECTRICITY BOARD
VIDYUT SOUDHA, HYDERABAD - 500 009
INDIA

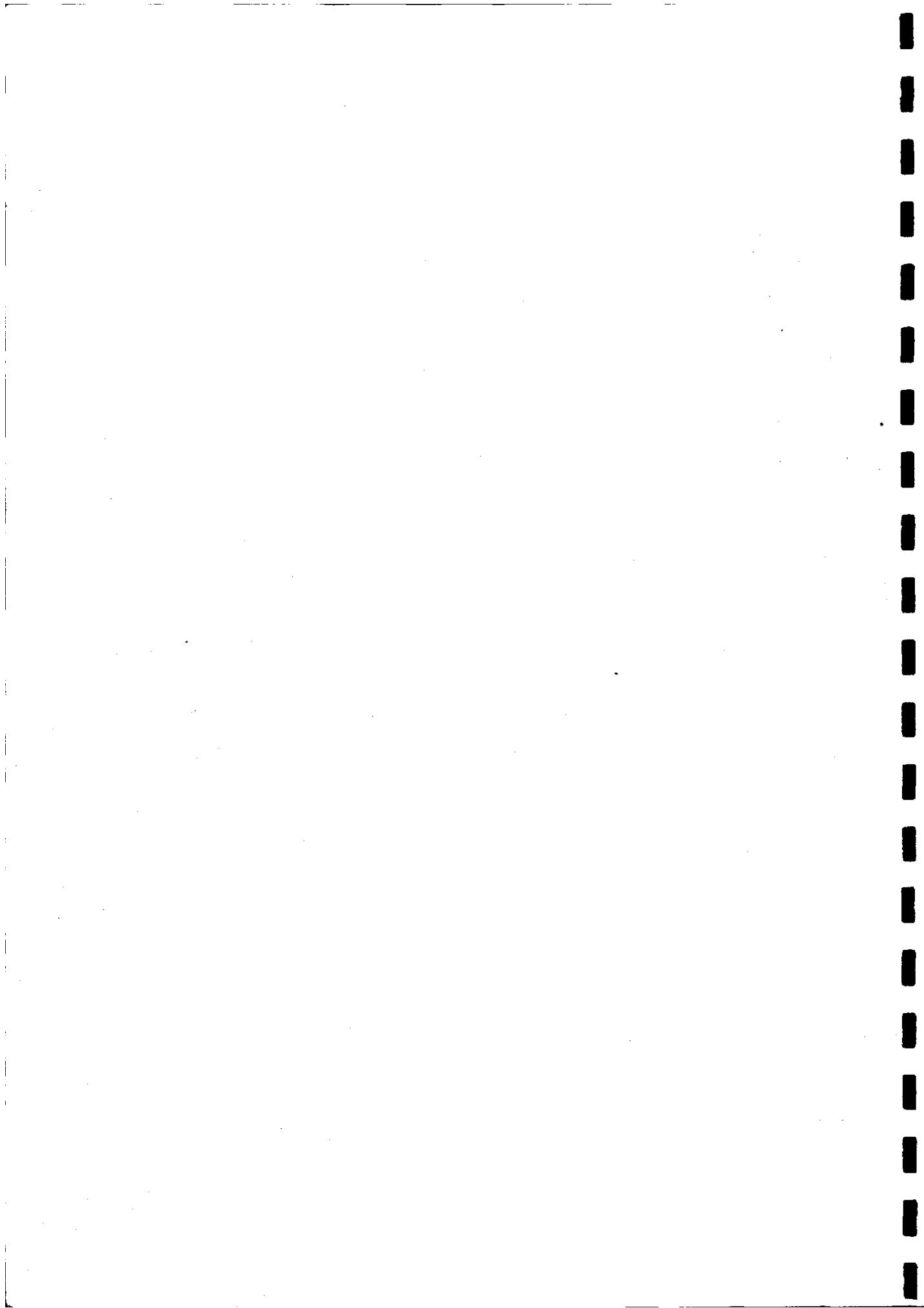


EXHIBIT-A
[See Article 1.1 (xliii)]

TECHNICAL LIMITS AND PARAMETERS

1. Type and make of Combustion turbines (CT) : Three Nos Type 8C ABB make
2. Type and make of Steam turbine : One No. Vax HP25/LP55
3. Power Factor : 0.85 lagging. See attached generator capability curves
4. 220 KV Grid Voltage : To be within 190 KV to 245 KV. However, for purposes of start up, Grid voltage shall be maintained at not less than 200 KV.
5. Zone of frequency Operation for turbines : 47.5 Hz to 51.5 Hz
: turbine trip set at 46.25 Hz
See attached frequency Curve.

Normal Frequency of Operation shall be 50 Hz. Correction curves for relative power output versus frequency are attached for any variation within the zone of frequency operation.

6. Minimum load for mixed fuel operation for each Combustion : 70% of its capacity corrected to ambient temperature.
7. Gas pressure : 25 - 28 bars
8. Ramp Rate
- Open Cycle
- Cold Start : 4 MW per minute/
Combustion Turbine
- Hot Start : 4 MW per minute/
Combustion Turbine
- Combined Cycle (All Generator Operating)
- Cold Start : 2.5 MW per minute
- Hot Start : 18 MW per minute

Note:

For mixed fuel operation for gas turbine Generating Unit, the ratio of Natural Gas and Naphtha heat content can vary between 20% to 80%.

9. Startup Times upto Full Load (For Information only)

- Cold (Off line more than 30 hours) 2 hrs. 45 mins
- Warm (Off line less than 8 hours) 1 hr. 30 mins.
- Hot (Restart within 2 hours after stop) 1 hr.

10. Emission Level.

The following emission levels will be met down to load factor of 50% of the respective combustion turbine unit.

NOx at operation with natural gas as specified:
40 vppm at 15% O₂

NOx at operation with naphtha as specified with water injection or mixed fuel operation with naphtha and natural gas with water injection:

60 vppm at 15% O₂

11. Sound pressure level.

The sound pressure level of the gas turbine generating sets, HRSG and steam turbine with auxiliaries will not exceed 85 dB (A) at 1.5m distance (near field) and 65 dB (A) in 120 m distance from the outline of all noise radiating units in the Facility site (far field) and at a height of 1.5 m above ground.

12. Liquid Effluent.

The liquid effluents shall be treated to the Inland Surface Water Standards laid down in IS:2490 (Part-I) 1981, 2nd Revision, as stipulated by Andhra Pradesh Pollution Control Board.

The treated water will be used for the green belt in the Project.

13. Reactive Power Capability - Base Load (Figures attached)

A. Gas Turbine

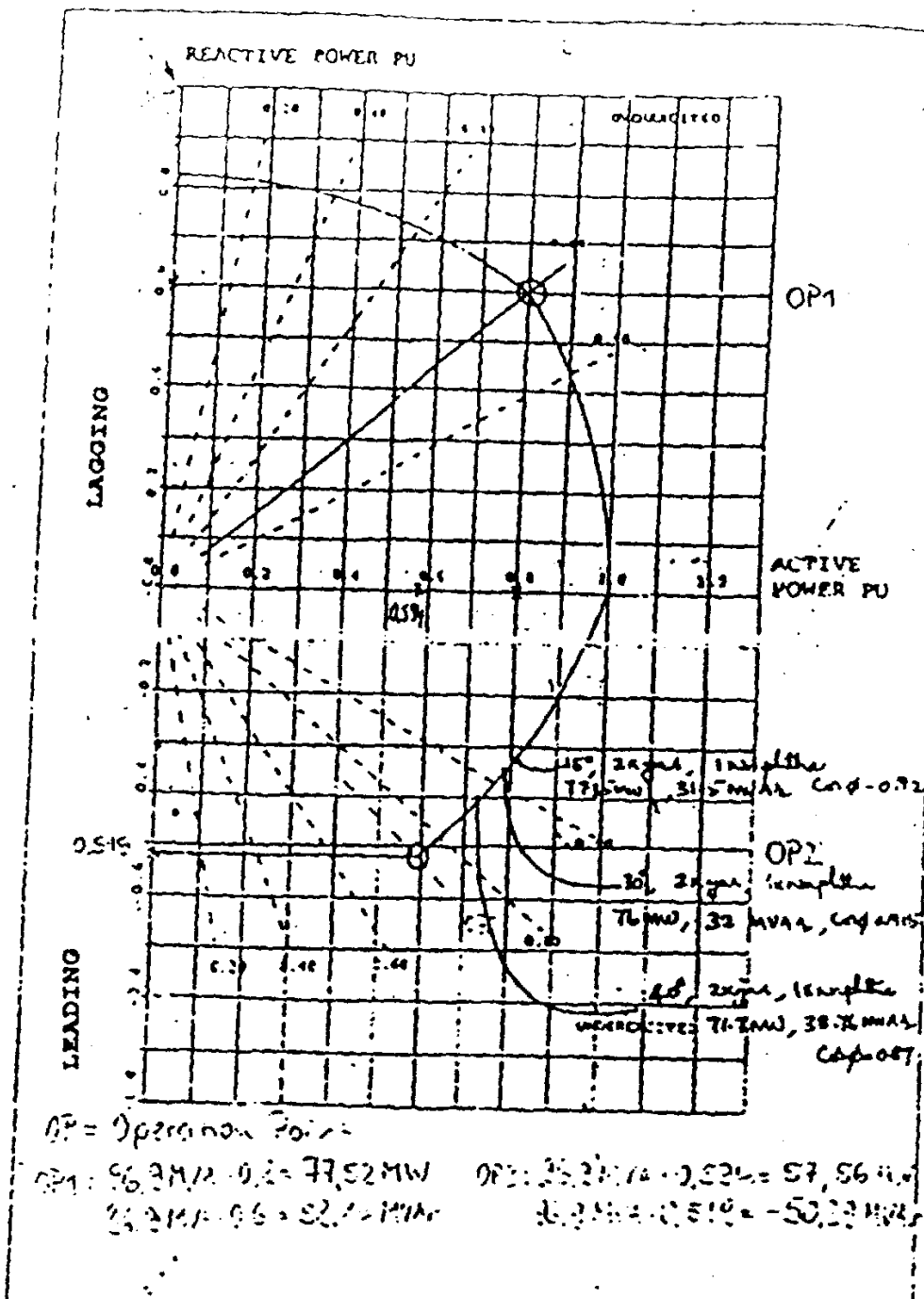
Temperature Degrees C	Gas Fuel MVAR	Naphtha fuel MVAR
15	22.40	22.31
30	23.10	22.44
40	23.43	23.10

B. Steam Turbine

Temperature Degrees C	MVAR
15	31.5
30	32
40	38.76

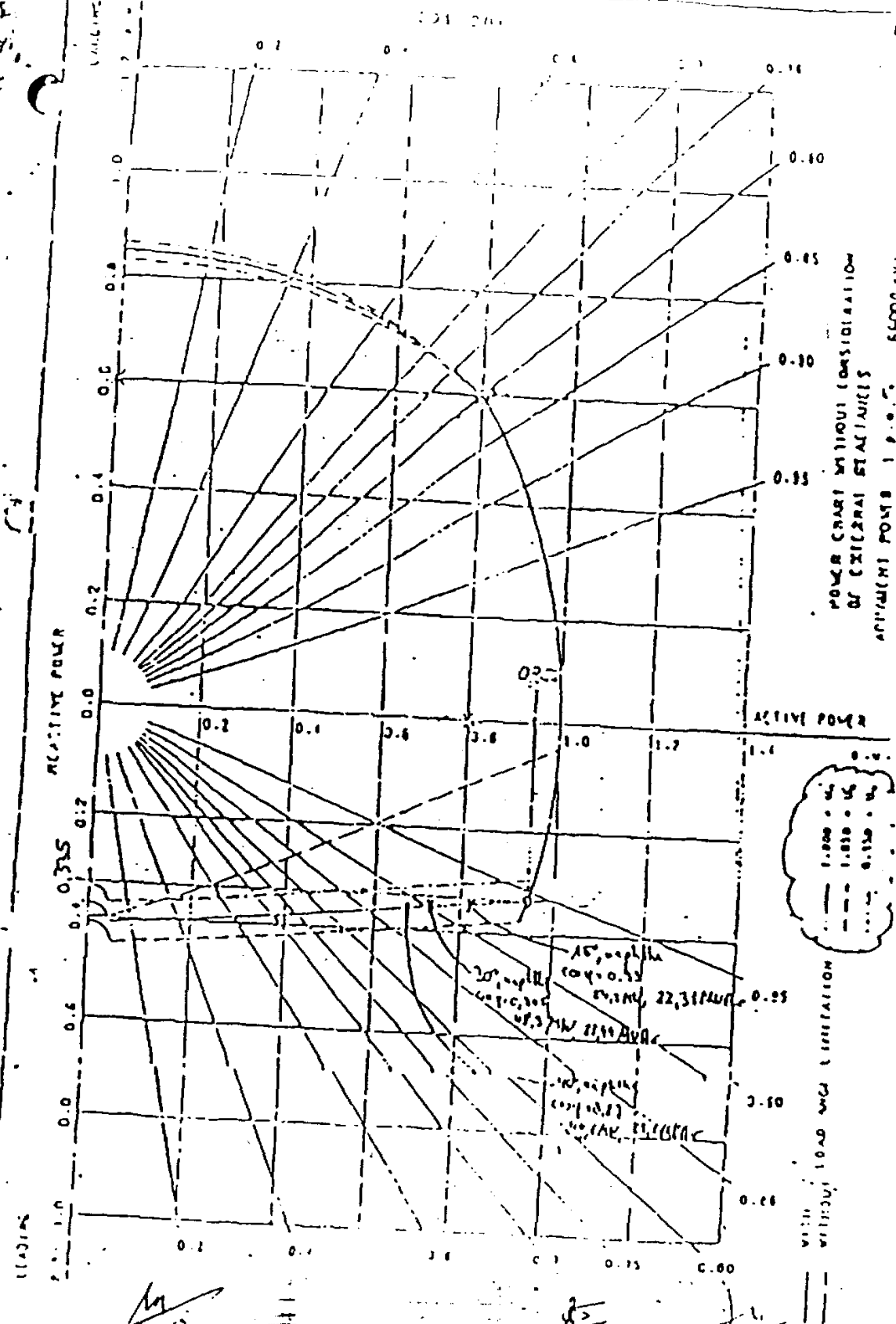
C. Combined Cycle

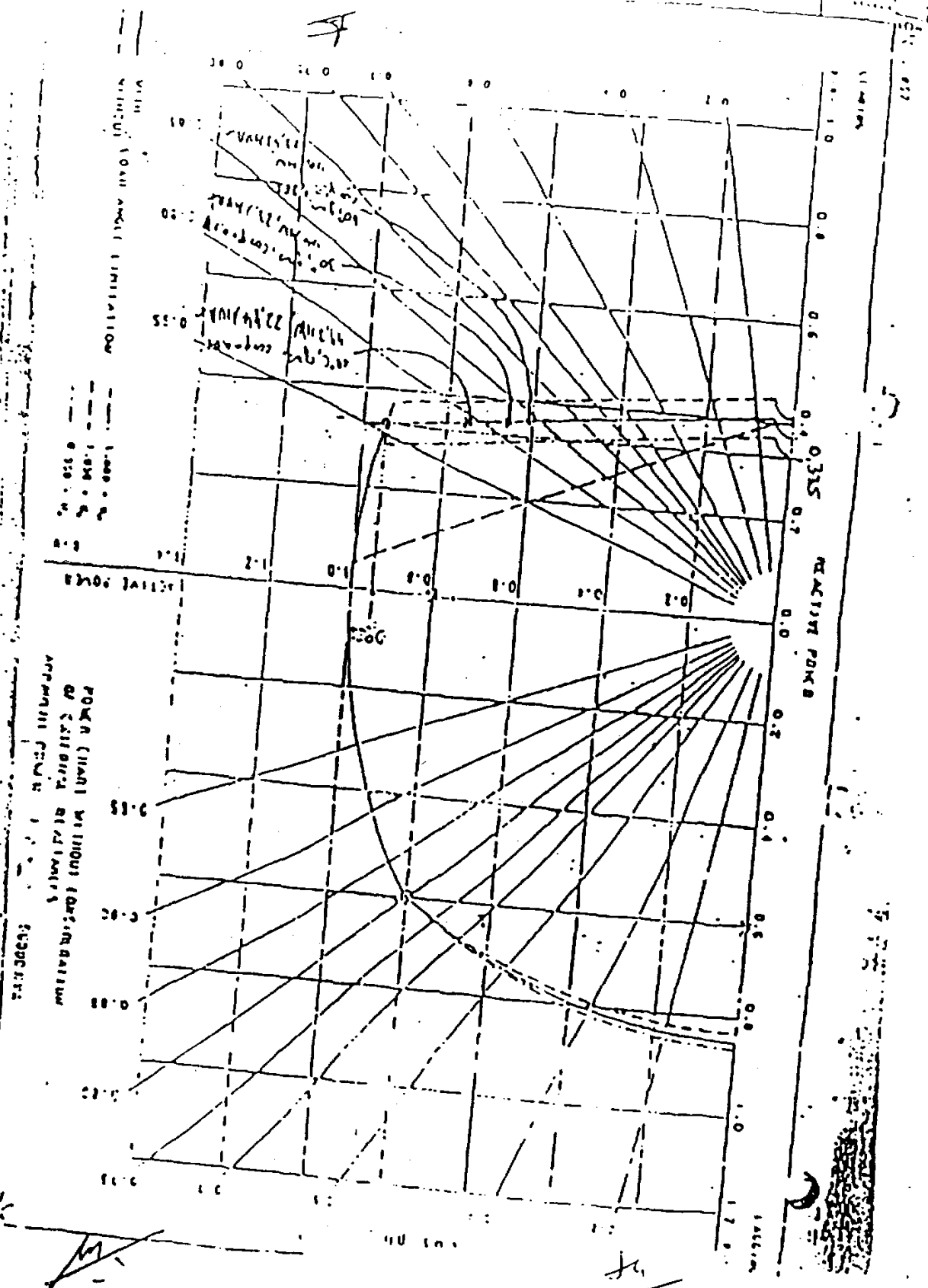
Temperature Degrees C	MVAR
15	98.69
30	100.64
40	108.72



GEN/PTA NO.	CAPABILITY DIAGRAM	LSR61.0022
APP	GEN. 1530EV	95-06-21
GENERATION	26900 MVA 0.40 2 11000V	PTA 58101
	3000 RPM	

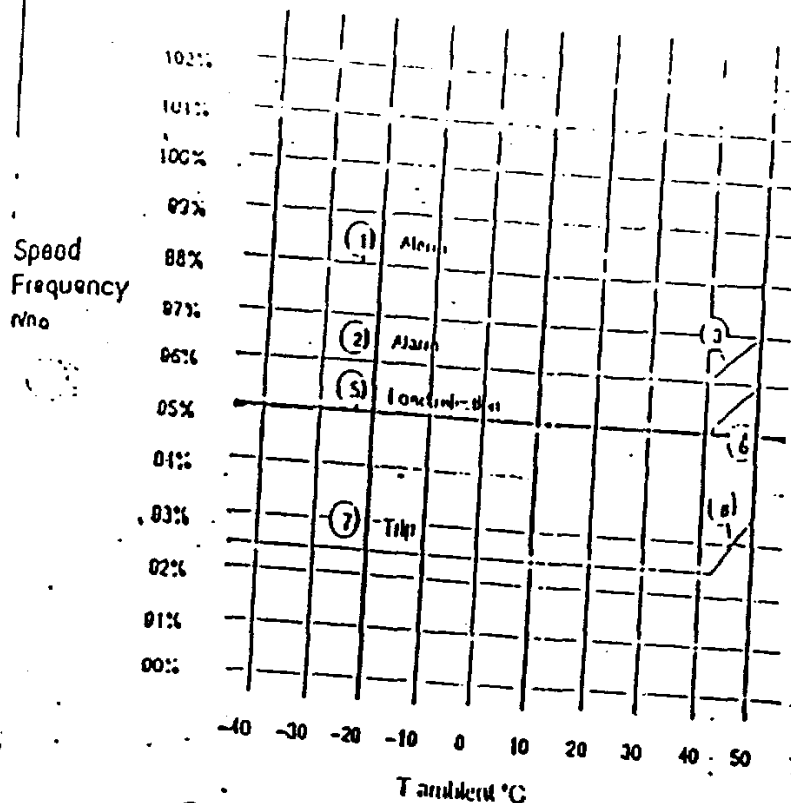
Appendix 8





and Underfrequency Protection

30 with rotor speed G-fall (term 100)
object GVK (Hafslund, India)



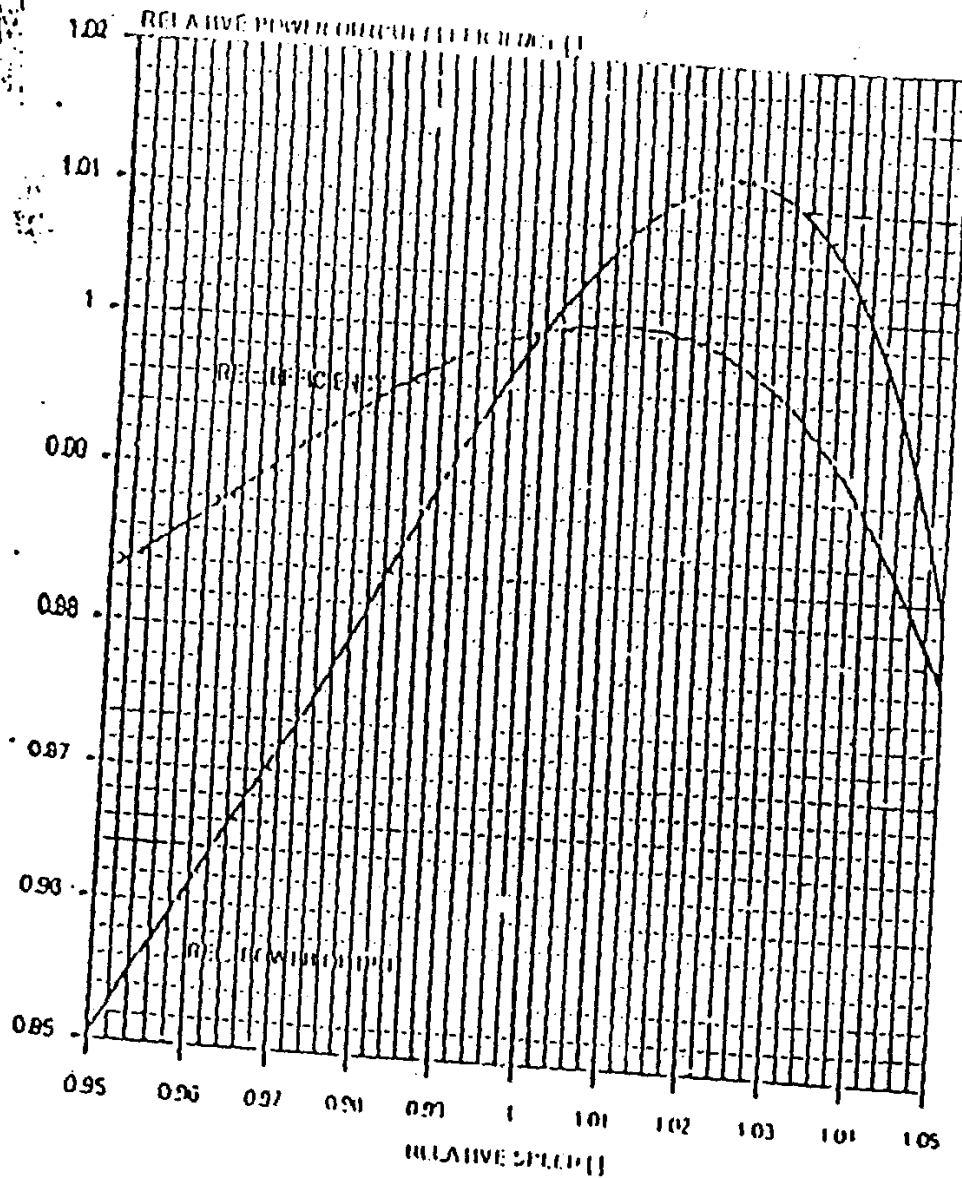
(1) (2) (3) (7) High frequency protection
(4) (5) (6) (8) Surge protection

Protective Action	Setting	Protective System	Measured by	Delay
Alarm	$n_{10} = 88\%$	Generator Protection	Underfrequency relays Stufe 1	0.15s
Alarm	$n_{10} = 86\%$	Generator Protection	Underfrequency relays Stufe 2	0.15s
Alarm, closing of water injection	Curve $n_{10} = 87\%$, 50°C $n_{10} = 86\%$, 40°C	Generator Protection	Exhaust, Speed and Torque	0.16s
Load rejection 100% opening of main circuit breaker	$n_{10} = 85\%$	Generator Protection	Underfrequency relays Stufe 3	minimal
Load rejection 100% opening of main circuit breaker	Curve $n_{10} = 87.5\%$, 50°C $n_{10} = 86.5\%$, 40°C	Generator Protection	Exhaust, Speed and Torque	minimal
Trip	$n_{10} = 83\%$	Generator Protection	Underfrequency relays Stufe 4	minimal
Trip	Curve $n_{10} = 81\%$, 50°C $n_{10} = 80\%$, 40°C	Generator Protection	Exhaust, Speed and Torque	minimal

Speed n/n₀ relays to be 12 min before

100

ADU GAS TURBINE BC RELATIVE POWER OUTPUT AND RELATIVE EFFICIENCY VS. RELATIVE SPEED



ISO-CONDITIONS

We reserve the right to modify this document without notice.

REPAIR AND MAINTENANCE OF THE GUYANA POWER PLANT

Total Facility (Combined Cycle)

Cold Start Up (Full flow more than 36 hours)
 Synchronisation first GT 10 minutes
 Synchronisation second GT 10 minutes
 Synchronisation third GT 20 minutes
 Synchronisation ST 25 minutes

Warm Start Up (Restart within 36 hours after stop)
 Synchronisation first GT 10 minutes
 Synchronisation second GT 10 minutes
 Synchronisation third GT 20 minutes
 Synchronisation ST 50 minutes

Hot Start Up (Restart within 8 hours after stop)
 Synchronisation first GT 10 minutes
 Synchronisation second GT 10 minutes
 Synchronisation third GT 20 minutes
 Synchronisation ST 40 minutes

Synchronisation and loading to full load under normal load under normal condition, maximum rate of load (ramp) increase

(i) For individual gas turbine

Cold Start Up 9% of rated capacity per minute
 Warm Start Up 0% of rated capacity per minute

(ii) For total combined cycle

(a) Cold Start Up 3.0% of rated capacity per minute
 After Synchronisation of first and second GT (min 10 to min 20) 1.0% of rated capacity per minute
 After Synchronisation of third GT (min 10 to min 20)
 After Synchronisation of ST (min 10 to min 1/1)

See loading experience diagram of the steam turbine (attached)

(b) Warm Start Up 3.0% of rated capacity per minute
 After Synchronisation of first and second GT (min 10 to min 20)
 After Synchronisation of third GT (min 20 to 30)
 After Synchronisation of ST

See loading experience diagram of the steam turbine (attached)

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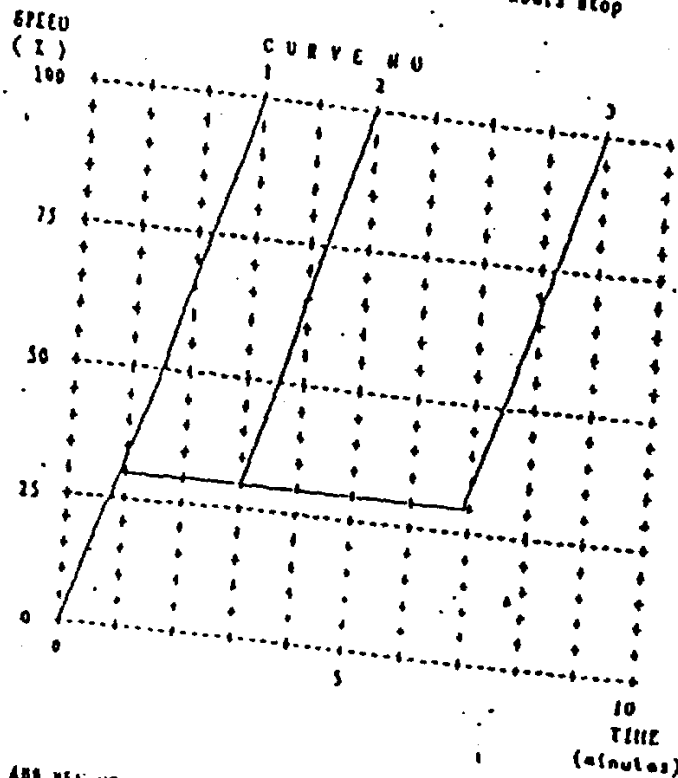
CONDITIONS FOR
TURBINE OPERATION
CONDENSING TURBINES (H025 PH320)

REV	95-01-25	REV	11 - 24594
H. 1215 at 1000			1100

RUNNING UP

1. Turning gear
 - Minimum inlet oil temperature for start of turning gear 15.0°C
 - All out in operation, start turning gear at least 1 hour before running up.
 - Do not stop turning gear before 60 hours after turbine shutdown.
2. Running up sequence
 - Startup is guided by stop time.
 - Delay in running up may show up due to low oil inlet temperature or high vibration levels.

Curve 1: Restart within 6 hours after stop
 Curve 2: Restart within 24 hours after stop
 Curve 3: Start after more than 24 hours stop



AND REF ID: H025PH320

11(2)

11-1991-1993 1992

11-1991-1993

REV	11	REV	314
H. 1215 at 1000			2770

323

P.03

CONDENSING TURBINES (INPS PH20)

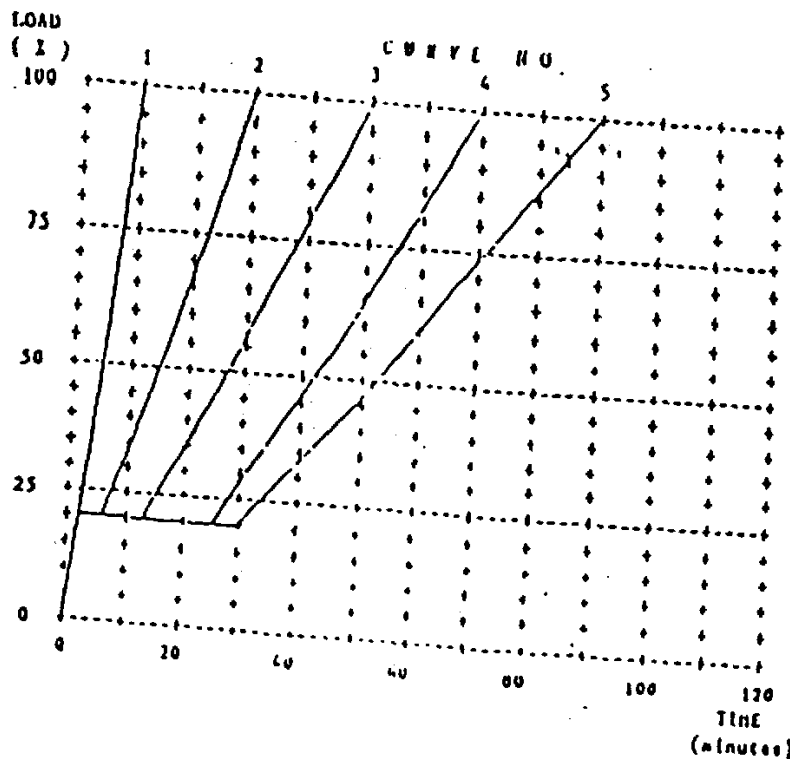
DATE	25 JAN 26	NO.	11 - 21594
BY	W. G. STONE	UNIT	1100

SYNCHRONIZING AND LOADING

1. Loading Sequence

- Loading must start running up and synchronizing
- Loading after stop: loaded to stop must not exceed 1.5
- Minimum load must be at least 10% of full load and must be maintained for 1 hour.

- Curve 1: Restart within 2 hours after stop
- Curve 2: Restart within 8 hours after stop
- Curve 3: Restart within 16 hours after stop
- Curve 4: Restart within 24 hours after stop
- Curve 5: Start after more than 24 hours stop



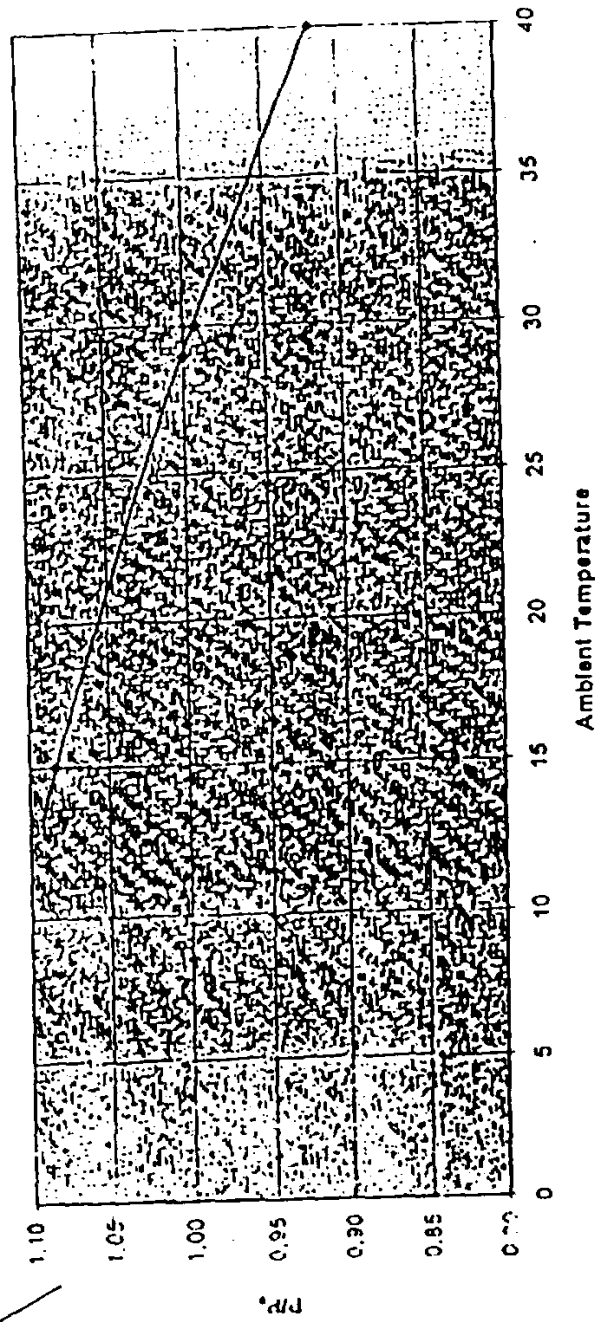
ADD REF NO W25PH20

APPROVED	SUPERVISOR	DATE	25 JAN 26
		TIME	11:11
		TIME	11:11

23.01.19.

GVK Jegunupadu 235 MW CCPP

Facility Output, $P_f=213.7$ MW at 29°C , 2xGas+1xNaphtha
preliminary values



KW/GA4, Peters

Date: 1991_02_19

EXHIBIT B

[Please Refer Article 1.2]

Indian Electricity (Supply) Act, 1948
(As amended up to Act No. 50 of 1991 w.e.f. 15.10.1991)

Definitions

- (1) "Authority" means the Central Electricity Authority constituted under Section 3;
- (2) "Board" means State Electricity Board constituted under Section 3;
- (3) "Bulk-licensee" means a licensee who is authorized by his license to supply Electricity to other licensees for distribution by them;
- (3-A) "Competent Government" means the Central Government in respect of a Generating Company wholly or partly owned by it and in all other cases the Government of the State in which the generating station of a Generating Company is located or proposed to be located;
- (4) "Controlled station" means a generating station designated in the scheme sanctioned under Chapter-V as a controlled station;
- (4-A) "Generating Company means a Company registered under the Companies Act, 1956 (1 of 1956) and which has among its objects the establishment, Operation and Maintenance of generating stations;
- (5) "Generating Station" or "station" means any station for generating electricity including any building and plant (with step-up transformer, switchgear, or other appurtenant equipment, if any) used for that purpose and the site thereof, a site intended to be used for a generating station, and any buildings used for housing the operating staff of a generating station, and where electricity is generated by water-power, includes penstocks, head and tail works, main

and regulating reservoirs, dams and other hydraulic works, but does not in any case include any sub-station;

- (6) "Licensee" means a person licensed under Part 11 of the Indian Electricity Act, 1910 (9 of 1910), to Supply energy or a person Who has obtained sanction under Section 28 of that Act to engage in the business of supplying energy but, the provisions of Section 26 or 26-A of this Act notwithstanding does not include the Board or a Generating Company);
- (7) "main transmission lines" means all high pressure cables and overhead lines (not being an essential part of the distribution system of a licensee) transmitting electricity from a generating station to another generating station or sub-station, together with any step-up and step down transformers, switch gear and other works necessary to and used for the control of such cables or overhead lines, and such buildings or part thereof as may be required to accommodate such transformers, switchgear and other works and the operating staff thereof;
- (8) "maximum demand" in relation of any period shall, unless otherwise provided in any general or special order to the State Government, mean twice the largest number of kilowatt-hours or kilo-volt ampere hours supplied and taken during any consecutive thirty minutes in that period;
- (8-A) "power system" means a system under the control of the Government or any Board or Generating Company or other agency and having one or more
- (i) Generating station; or
 - (ii) main transmission lines and sub-stations; or
 - (iii) Generating stations and main transmission lines and substations;
- (9) "Prescribed" means prescribed made by rules made under this Act;
- (9-A) "Regional Electricity Board" means any of the Boards as constituted immediately before the commencement of the Electricity Laws (Amendment) Act, 1991, by resolution of

the Central Government for ensuring integrated Operation of constituent system in the region;

- (9-B) "Regional Load Despatch Centre" means the Centre so designated where the Operation of each of the Regional Electricity Grids constituting the country's power system is coordinated;
- (10) "Regulations" means regulations made by the Board under Section 79;
- (11) "Reserve Bank" means the Reserve Bank of India;
- (11-A) "sub-station" means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switch gear, capacitors, synchronous condensers, structures cables and other appurtenant equipments and any buildings used for that purpose and the site thereof, a site intended to be used for any such purpose and any buildings used for housing the staff of the sub station;
- (11-B) "tie-line" means a line for the transfer of electricity between two power systems together with switch gear and other works necessary to, and used for the control of such line;
- (12) "transmission lines" means all works mentioned in sub-section (7) used wholly or partially for the purpose of distribution;
- (13) "year" means, in relation to the Board, or a generating company, the year commencing on the 1st day of April;
- (14) "year of account" means, in relation to a licensee, his financial year;
- (15) other expressions have the meanings respectively assigned to them in the Indian Electricity Act, 1910 (9 of the 1910).

Indian Electricity Act, 1910
(As amended up to Act No. 50 of 1991 w.e.f.
15.10.1991)

Definitions :

- (a) "appropriate Government" means in relation to any work or electric installations belonging to, or under the control of, the Central Government or in relation to any mines, oil fields, railways, aerodromes, telegraphs, broadcasting stations and any works of defence, the Central Government, and in any other case, the State Government;
- (b) "area of supply" means the area within which alone a licensee is for the time being authorized by his license to supply energy;
- (c) "consumer" means any person who is supplied with energy by a licensee or the Government or by any other person engaged in the business of supplying energy to the public under this Act or any other Law for the time being in force, and includes any person whose premises are for the time being connected for the purpose of receiving energy with the works of licensee, the Government or such other person, as the case may be;
- (d) "daily fine" means a fine for each day on which an offense is continued after convictions therefor;
- (e) "distributing main" means the portion of any main with which a service line is, or is intended to be, immediately connected;
- (f) "electric supply-line" means a wire, conductor or other means used for transmitting or distributing energy (whether by overhead line or underground cable), together with any casing, coating, covering, tube, pipe or insulator enclosing surrounding or supporting the same or any part thereof, or any apparatus connected therewith for the purpose of so conveying, transmitting or distributing such energy and includes any support, cross-arm, stay, strut or safety device erected or set up for that purpose;
- (g) "energy" means electrical energy
 - (i) generated, transmitted or supplied for any purpose, or

- (ii) used for any purpose except the transmission of a message;
- (h) "licensee" means any person licensed under Part 11 to supply energy;
 - (i) "main" means any electric supply line through which energy is, or is intended to be, supplied to the public;
 - (ii) "overhead line" means an electric supply-line which is placed above ground and in the open air but does not include live rails of a traction system;
- (i) "prescribed" means prescribed by rules made under this Act;
- (k) "public lamp" means an electric lamp used for the lighting of any street;
- (l) "service line" means any electric supply-line through which energy is, or is intended to be, supplied
 - (i) to a single consumer either from a distributing main or immediately from the supplier's premises, or
 - (ii) from a distributing main to a group of consumers on the same premises or an adjoining premises supplied from the same point of the distributing main;
- (II) "State Electricity Board" in relation to any State means the State Electricity Board, if any, constituted for the State under Section 5 of the Electricity (Supply) Act, 1948 (54 of 1948), and includes any Board which functions in that State under Sections 6 and 7 of the said Act;
- (m) "street" includes any way, road, lane, square, court, alley, passage or open space, whether a thoroughfare or not, over which the public have a right of way, and also the roadway and footway over any public bridge or causeway; and

- (n) "works" includes electric supply line and any building, plant, machinery, apparatus and any other thing of whatever description required to supply energy to the public and to carry into effect the objects of a license or sanction granted under this Act or any other Law for time being in force.

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EXHIBIT-C

LIST OF INDEPENDENT APPRAISERS

The Independent Appraiser shall be selected from the following list :

- Arthur Anderson & Company
- Coopers & Lybrand
- Ernst & Young (India: Known as S.B. Billiomoria & Company)
- KPMG Peat Marwick (India: Known as KPMG Peat Marwick (Private) Limited and A.F. Ferguson & Company)
- Price Waterhouse

In case any or all of the above firms cease to exist at any point of time, other firms may be added by mutual agreement.

If any of the above firm is in any capacity providing services to the Parties and their associate/subsidiary companies (for example, such as Consultancy, Audit, Taxation advice etc.), such firm will not be considered eligible to act as Independent Appraiser.

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EXHIBIT-D

TECHNICAL SPECIFICATIONS OF EQUIPMENT

CONFIGURATION


- : 3 Combustion Turbines +
3 Heat Recovery Boilers +
1 Steam Turbine.

STATION GROSS ELECTRICAL OUTPUT IN COMBINED CYCLE AT SITE REFERENCE CONDITIONS(Ref.Schedule F) :

- First and second combustion
turbine Generating Unit - 45.8 MW each (with
Natural Gas as fuel)
- Third combustion turbine
Generating Unit - 48.9 MW (mixed fuel
operation with Natural
Gas & Naphtha)
- Steam Turbine - 75.5 MW
Total Gross Output - 216 MW
Fuel - 7.5 lakhs Cu.M per day of
Natural Gas and the
balance Naphtha

Note: The generating capacity in MW of each combustion turbine set forth above is the design capacity of such combustion turbine. Each combustion turbine shall be capable of operating using gas, naphtha or a mixture of gas and naphtha.

COMBUSTION TURBINE (ISO Conditions) :

- Type : 8 C, ABB make
- No. of Combustion Turbines : 3
(CT)
- Fuel : Natural Gas (Minimum Gas
Pressure required 25 Bars
for operation of Combustion
Turbine)
- 

Shaft Speed	:	6200 rpm
Frequency	:	50 Hz
Compressor Pressure Ratio	:	15.7
No. of stages of Turbine	:	3
No. of Combusters	:	1
Type of Burner	:	E.V. Lean Premix.
No. of Burners	:	19
Exhaust Gas Temperature	:	517 Deg C
Exhaust Gas Mass Flow	:	179 Kg/Sec
Combustion Turbine Control System	:	EGATROL-7 of ABB
Gross Electrical output of each CT	:	52.8 MW Base load capacity
Gross Electrical output with Naphtha	:	51.7 MW Base load capacity without water injection
Combustion Turbine Generator	:	66 MVA, 11KV; 3000 rpm

The Combustion turbines are designed to operate on Dual fuel, Natural Gas/Naphtha either with mixed fuel or with individual fuels Natural Gas or Naphtha.

STEAM TURBINE (at 40°C Ambient):

Make	:	ABB-Stall, Sweden
Type	:	Condensing type HP Turbine + Gear + Generator + LP Turbine Non-reheat straight condensing.
Speed	:	HP Turbine: 6,300 RPM

LP Turbine: 3,000 RPM

Installation : Indoor
Duty : Continuous
HP Inlet Pressure : 58.9 bar
HP Inlet Temperature : 521°C
LP Inlet Pressure : 4.31 bar
LP Inlet Temperature : 202°C

Throttle Steam parameters at turbine inlet

	HP	LP
a. Flow (Kg/Sec)	60.42	15.31
b. Pressure (bar)	56.9	7.31
c. Temperature(°C)	521	202
Condenser Pressure (bar)	0.098	
Cooling water parameters		
a. Inlet water temp (°C)	32.5	
b. Flow (cubic meters/hr)	14,400	

Steam Turbine Generator : 71 MW (96.9 MVA)
Output

TURBINE GOVERNOR :

VAX-Electrohydraulic Control System- PLC Based

PLANT CONTROL

: Plant control is DCS System.
Power Plant Control System.
Procontrol "P" of ABB

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HEAT RECOVERY STEAM GENERATOR (HRSG) :

Make : ABB-CE (USA)
Type : Unfired Natural circulation design
Quantity : 3
Duty : Continuous Base load

STEAM DRUMS :

HP Section : 1
LP Section : 1
Exhaust Stack (Main Stack) : 50 meters
HP Steam Pressure : 65 bars (approx)
LP Steam Pressure : 5.478 bars (approx)
Pinch Point in HP & LP : 7 & 9 Deg.

COOLING TOWER

Number : One
Type : Induced Draft
Capacity : 15,600 m³/hr
Number of cells : Six
Cooling Range : 10°C
Approach Temperature : 4°C
Type of Fill : PVC Film

WATER TREATMENT

Clarification Plant : 1 x 600 m³/hr
DM Plant : 2 x 80 m³/hr

CW Pumps

Number of Pumps : 3 (2 + 1)

Type : Vertical, wet pit, Mixed flow
Capacity/pump : 7,800 m³/hr

INTAKE WATER SYSTEM

River Water Pump 2x750 m³/hr
Canal Water Pump 2x750 m³/hr
Intake Pipe 13 km, 400mm diameter,
6 mm thick

ELECTRICAL SYSTEM

Gas Turbine Generator : 60 MVA Capacity
Transformer 11 KV/245 KV

Steam Turbine : 95 MVA Capacity
Generator Transformer 11.0 KV/245 KV

Station Transformer : 2 x 14 MVA Capacity
Ratio 11 KV/6.9 KV
Supply to be taken from Grid

Unit Auxiliary Transformer : 2.7/1.45/1.25 MVA Capacity
Ratio 11 KV/1.4 KV/0.433 KV

220 KV SWITCHYARD

Number unit transformer bays 4
Number line bays 2
Number bus coupler bays 1
Number bus transfer bays 1
Total number of bays 8

Basic insulation level (KV peak) 1050
Symmetrical short circuit level 40 KV for one sec.
Current ratings of main buses 2000
I&II (A)
Minimum creepage distance 6125 mm

EXHIBIT-E

FORM OF COMMITMENT FROM BANK FOR LETTER OF CREDIT

for

for

SCHEDULE A

BUY-OUT PRICE

1. Introduction. This schedule outlines (i) the procedures to be adopted in the event that a Buy-out Notice is issued by the Company or the Board as described in Articles 10.6 and Article 11, and (ii) the methodology to be followed for calculating the purchase price ("Buy-out Price"). The Provisions of this Schedule A shall survive expiry or termination of this Agreement.

2. Definitions. For purposes of this Schedule A, the following terms shall have the following meanings:

"Appraiser" - An independent internationally recognized firm of chartered accountants that is competent and experienced in the valuation techniques described herein, the selection of which firm is described in Article 4(a) of this Schedule A; and a list of such firms is given in Exhibit C.

"Buy-out" - A purchase by the Board of the Project pursuant to the issue of a Buy-out Notice.

"Completion" - The receipt by the Company of the Buy-out Price in immediately available funds and the transfer of the Project to the Board.

"GAP Direct Indian Political Event" - Any Direct Indian Political Event resulting from an act of any Government Agency of the GAP.

"GOI Direct Indian Political Event" - Any Direct Indian Political Event resulting from an act of any Government Agency of the GOI.

"Statement of Practice" - The Statement of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

"Transfer Date" - The date of Completion, such date to be mutually agreeable to both Parties but in no event later than sixty (60) days after the date of the Buy-out Notice unless both Parties mutually agree to an extension.

3. Scope of the Sale.

- (a) The Board shall purchase all the assets of the Company required to operate the Project including land, buildings, plant and equipment, fuel stockpiles, spare parts, records, drawings and all other consumables.
- (b) The Board shall not purchase any cash in hand and or in bank accounts, trade and book debts nor receivables accruing to the Company prior to the Transfer Date unless due consideration for these can be mutually agreed between the Parties.
- (c) All other assets existing at the Transfer Date that are not included in clauses (a) and (b) above shall be for the benefit of the Company, including the proceeds of any insurance or warranty claims made prior to the Transfer Date.
- (d) The Company shall be responsible for all liabilities and obligations of the Company that have accrued prior to the Transfer Date.
- (e) No warranties as to the condition of the property and assets of the Project shall be given except that the Company agrees to assign to the Board the benefit of any warranties from third parties existing at the Transfer Date.
- (f) No Debt or other liability relating to the Project and incurred before the date of the Buy-out Notice will be assumed by the Board unless it chooses to and can reach agreement of the same with the Company and, if necessary, the lenders or other creditors (where such agreement is necessary in order to give legal effect to the assumption thereof by the Board) (subject to clause (g) below). Due allowance shall be made in computing the

Buy-out Price to take account of liabilities assumed by the Board and liabilities retained by the Company.

- (g) The Company shall, if so required by the Board, use reasonable efforts to procure the novation (or failing that, assignment of the underlying rights held by the Company) to the Board of any relevant fuel contract or Construction Contract relating to the Project on such terms as the Board may reasonably require.

4. Procedure for Determination of the Buy-out Price.

- (a) Following an issue of a Buy-out Notice, the Party issuing the notice shall select an Appraiser that is agreeable to the other Party (such agreement not to be unreasonably withheld or delayed) to carry out a determination of the Buy-out Price (the "Valuation"). Such Appraiser will be selected and begin work within ten (10) days of the issue of the Buy-out Notice and shall be provided with all necessary data and information by each Party in order to carry out the Valuation. Failing agreement of a mutually acceptable Appraiser within five (5) days of the issue of the Buy-out Notice, an Appraiser shall be nominated by the President or Acting President for the time being of the Institute of Chartered Accountants of England and Wales. However, in the event that the Debt under the Financing Documents has been repaid and the majority of the Company's shares are held by Indian domestic investors, the nomination of the Appraiser in the case of disagreement shall be the President of the Institute of the Chartered Accountants of India.
- (b) The Appraiser shall prepare the Valuation in accordance with the methodology described in Articles 5 and 6 of this Schedule A. Throughout the process, the Appraiser shall consult with both Parties, update them of progress and analyze any commentary they may have on the Valuation.

- (c) The Appraiser shall complete the Valuation within forty-five (45) days of the issue of the Buy-out Notice and deliver a copy to both Parties.
- (d) The Transfer Date shall occur within fifteen (15) days after receipt of the Valuation by both Parties at a time and place that is mutually agreeable to both Parties. the Board shall pay the Buy-out Price to the Company in immediately available funds, and simultaneously therewith, the Company shall transfer and assign to the Board all of its right, title and interest in the Project except to the extent excluded pursuant to Article 3 of this Schedule A. All payments shall be made in Rupees.
- (e) Following Completion, the Board and the Company may each submit a "Post Closing Adjustment" to the other Party in line with normal industry practice for asset acquisitions to reflect differences between the assumptions used in the Valuation and the actual asset position on the Transfer Date, for example, a difference in inventory levels. Any dispute over the Post Closing Adjustment would be referred to the Appraiser, whose sole judgment would be final and binding and shall not be open to dispute or arbitration.

5. Calculation of the Components of the Buy-out Price

- (a) The general guidelines for determining the Buy-out Price shall be as follows:
 - (i) The Buy-out Price will be stated in the Valuation in Rupees and shall be paid in Rupees. The Appraiser shall ascertain the portion of the Buy-out Price which needs to be converted into foreign currency to repay any Foreign Debt outstanding and/or any Foreign Equity and such portion will be calculated in such foreign currency and converted into Rupees

at the Current Rate of Exchange prevailing on the date of payment to the Company. The Board shall assist the Company in receiving Government clearance for converting and remitting this amount. Any late payment shall bear interest at a rate equal to the weighted average rate of interest applicable to the Debt of the Company.

- (ii) The Valuation will be conducted on the presumption that this Agreement will continue in full force and effect until the end of its full eighteen (18) Year term, and will be conducted on the further presumption (which the Appraiser can depart from for good reason, such reason not to be the existence of an Indian Political Event or a Board Default) that all other contracts in connection with the Project, including, in particular, all outstanding fuel agreements (whether or not such agreements are novated or assigned to the Board) will continue in full force and effect. Furthermore, it will be assumed that for the purposes of the Valuation that the Board meets its future payment obligations under this Agreement and that there is an end to any events of Force Majeure (other than Indian Political Events) that led directly to the issue of the Buy-out Notice, as well as an end to any Indian Political Events, whether or not such Indian Political Events led directly to the issue of the Buy-out Notice.
- (iii) Any reduction to the value in the assets of the Project due to an Indian Political Events shall not be for the account of the Company and shall not reduce the Buy-out Price from that which would have pertained if such Indian Political Events had not occurred.



(b) The discounted cash flow valuation ("DCFV") shall be an estimate of the net present value of the expected cash flows accruing to the Company (after all debt service and all other Project costs and expenses) as a result of operating the Project over the remainder of the term of this Agreement (as if it were not terminated until its expiry at the end of eighteen (18) years) plus the Terminal Valuation of the Project as set forth in clause 5(b)(v) below. The DCFV will apply to any Generating Unit that has reached its Commercial Operation Date and shall be carried out in line with normal industry practice, following the guidelines below:

(i) Annual cash flow ("ACF") projections in Rupees shall be prepared on an after-tax basis according to the following formula:

$$\text{Rev} - \text{Opex} - \text{Capex} - \text{Debt} - \text{Taxes} - \text{dNWC}$$

where:

- Rev = All operating revenues determined under this Agreement for the Generating Units that have reached their Commercial Operation Dates, and any payments for ancillary services.
- Opex = Operating expenses of the Project including all interest and fees on borrowings, except that any expenses required as a result of Indian Political Events shall not be included in Opex.
- Capex = Any capital expenditure not already included in Opex, including the estimated cost of repairing any defect or physical loss or damage to the Project, except that any capital expenditure required as a result of Indian Political Events shall not be included in Capex.

Debt - All principal repayments pursuant to the Capital Cost of the Project, and any reduction or increase in any working capital loans, increases in such being treated as a negative number.

Taxes - Corporate income taxes.

dNWC - Any increase or decrease in net working capital required each year. Reductions in net working capital shall be treated as negative. The net working capital shall be the sum of inventories and trade receivables minus payables.

(ii) ACFs should be considered to occur on average at the middle of each year.

(iii) Inflation and exchange rate movements should be applied to the components of the forecast where appropriate. Any exchange rate forecasts should be based on purchasing power parity, i.e., forecast movements in exchange rates will be determined by forecasts of the differential inflation rates in the respective countries.

(iv) The Appraiser will have sole regard to the future operation of the Project, considering all factors that are likely to affect it, including but not limited to the following:

(A) net availabilities and Plant Load Factors for the calculation of the Tariff should be based on historical performance unless there is a reason to believe that this is not a reliable indicator of future performance;



- (B) plant heat rates should also reflect historical performance of the Project but should also take into account future heat rate degradation of the Project; and
 - (C) operating and maintenance costs should be based on Prudent Utility Practices and should reflect historical performance levels as well as any factors, which in the judgment of the Appraiser are likely to affect future cost levels.
- (v) A terminal value cash flow shall be included at the end of the final year of the projection period. Such cash flow shall equal the Terminal Value as defined below.
- (vi) The discount rate will be a nominal discount rate (i.e. including inflation) and will be determined by the Appraiser based on the cost of equity of electrical generating companies that are publicly quoted in India but adjusted to take into account the location and size of the Project, the fact that it may be a private company without a diversified portfolio of assets, the length of operating history, the predictability of the cash flows and their limited growth potential and any other factors that the Appraiser judges to be appropriate. The discount rate shall be determined to be in a range of 11% - 15% in real terms, plus the forecast of Indian inflation made pursuant to clause (iii) above.
- (vii) The DCFV should be based on the value of the assets as of the Transfer Date. However, the DCFV should also include a component to cover any reduction in profits that the Company has suffered as a result of the Company receiving reduced revenues between the date of any Termination

Notice and the Transfer Date. Such component shall be calculated at the sole discretion of the Appraiser.

- (c) The construction period valuation ("CPV") shall apply to any Generating Unit that has not reached its Commercial Operation Date and shall be stated in Rupees. The CPV shall equal the sum of all equity subscriptions paid into the Company up until the Transfer Date plus an allowed return on any such equity ("Uplift") at a compound annual rate over such period as shown in Article 6 of this Schedule A multiplied by 0.788 in the case of one Generating Unit operating, 0.576 in the case of two Generating Units operating, 0.350 in the case of three Generating Units operating and 1.0 in the case of no Generating Units operating. Such sum shall be in the currencies that the equity was originally subscribed, converted into Rupees at the estimated exchange rate at the Transfer Date. The Appraiser shall make any adjustments that in its sole discretion it feels are necessary to account for any loss or gain in the value of the underlying assets. Such adjustments should reflect:
- (i) the extent to which the progress of construction of the Generating Unit would lead to damages being payable to the Board for delay;
 - (ii) the extent to which the amounts actually incurred by the Company differ from the budgeted amounts at the start of construction;
 - (iii) the extent to which the final specifications, operating costs and performance characteristics of the Project differ from those anticipated at the start of construction;
 - (iv) the amounts included in the equity subscriptions that have been spent on the Generating Unit in question; and

- (v) such other matters as the Appraiser may determine.

However, the Company should not suffer a reduction in the Buy-out Price for losses which have occurred due to Indian Political Events or for which compensation would have been available through liquidated damages under the Project's Construction Contract had the termination not halted construction. To the extent that the Company receives any compensation through liquidated damages, the amount of compensation shall reduce the Buy-out Price commensurately.

- (d) The terminal valuation ("Terminal Valuation or TV") shall equal 50% of the depreciated replacement cost ("DRC") which shall assume that the Project has an operating life of 30 years from the Combined Cycle COD and which shall be the sum of:
- (i) the value of the Project's right, title and interest in land, buildings and fixtures calculated on the Depreciated Replacement Cost basis, as detailed in the Statement of Practice; and
 - (ii) the value of all plant, machinery and equipment owned by the Project calculated by reference to the net current replacement cost thereof, as detailed in the Valuation of Plant and Machinery Assets practices set out in the Statement of Practice.
- (e) The "Total Debt Amount" shall be given in Rupees and shall equal all outstanding principal repayments of debt repayment of the Company pursuant to the Financing Documents, plus any working capital loans and any accrued interest and financing fees as at the Transfer Date plus, during the construction period only, any trade

payables owed by the Company to the Project's construction contractor.

- (f) The "Transfer Taxes" shall equal all stamp and additional stamp duties and any other taxes (including any sales or value added taxes but not capital gains tax or income tax) and any registration fees that become payable by the Company as a result of the purchase of the Project by the Board.
 - (g) The "Transfer Cost" shall equal all costs and liabilities of the Company which are a result of the purchase of the Project by the Board, including without limitation: the fees and out-of-pocket expenses of the Appraiser, the fees and out-of-pocket expenses to be paid to the lenders pursuant to the Financing Documents in connection with the repayment of any loans, any termination payments or novation fees on contracts in connection with the Project whose terms are reasonable and customary for private power projects such as the Project or were specifically approved by the Board, and all taxes including capital gains taxes and income taxes but excluding Transfer Taxes as defined in clause (f) above.
6. The Buy-out Price. The Buy-out Price shall equal the sum of the following elements, adjusted if appropriate under Article 3(f) of this Schedule A:
- (a) A times the DCFV;
 - (b) B times the CPV;
 - (c) C times the TV;
 - (d) D times the Total Debt Amount;
 - (e) E times the Transfer Taxes; and
 - (f) F times the Transfer Cost.

where A, B, C, D, E and F are determined depending on the reason for termination (as described in Article 10.6) as shown in the table below, which also shows the Uplift to be used as

described in Article 5(c) of this Schedule A. Notwithstanding anything in this Schedule A to the contrary, the Buy-out Price shall never be less than the sum of the outstanding Debt and Transfer Taxes. The notes to the table should also be taken into account when calculating the relevant variable:

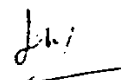


		A	B	C	D	E	F
Reason for Termination	Uplift	DCIV	CIV	TV	Total Debt Amount	Transfer Taxes	Transfer Costs
Company sale option following the Board Default other than the Board Default described in Article 10.1(c)(ii)	30%	100%	100%	0%	100%	100%	100%
The Board purchase option following Company Default	0%	25%	See Note 1	0%	100%	See Note 2	0%
				S			
Company sale option or the Board purchase option following GOI Direct Indian Political Event or the Board Default described in Article 10.1(c)(ii)	22.5%	75%	100%	0%	100%	100%	75%
Company sale option or the Board purchase option following GAP Direct Indian Political Event	30%	100%	100%	0%	100%	100%	100%
The Board purchase option following Indirect Indian Political Event	0%	55%	100%	0%	100%	100%	55%

Company sale option following Indirect Indian Political Event	0%	35%	100%	0%	100%	100%	35%
The Board purchase option following expiry of the term of the Agreement	0%	0%	0%	100%	0%	100%	100%

Notes

1. If the CPV is positive after all adjustments by the Appraiser, then B= 0%. If the CPV is negative, then B= 100%;
2. In the event termination is a result of a Company Default, the Board shall pay all Transfer Taxes in excess of 5.5% of the Buy-out Price.

SCHEDULE B

INSURANCE

1. Maintenance of Insurance Policies:

- (a) The Company shall obtain and maintain from and after Financial Closing and throughout the term of this Agreement the policies of insurance set forth in Article 3 below of this Schedule B in the amounts set forth therein and during the period mentioned therein; provided, however, that such amounts may be changed from time to time with the written consent of the Board, which consent shall not be unreasonably withheld or delayed, and provided, further, that the Company shall not be in breach of its obligations hereunder if and to the extent that any particular insurance is unavailable to it for reasons other than any negligence or default by, or condition (financial or otherwise) of, the Company or if such insurance is unavailable on commercially reasonable terms.
- (b) Upon 30 days advance notice from the Company, the Board shall use its best endeavors to execute and deliver all such approvals or undertakings as are reasonably required by any lender to, or equity investor in, the Project, the Multilateral Investment Guarantee Agency or any such similar entity etc. in order to enable the Company to obtain and maintain political risk insurance and breach of contract insurance.
- (c) Notwithstanding the foregoing, in the event any insurance required to be maintained hereunder or the limits or deductibles thereof shall not be reasonably available at reasonable rates in the commercial insurance market for the Project, the requirement to maintain such insurance shall be deemed waived to the extent the maintenance thereof is not so available; provided, however, that any

such waiver shall be effective only so long as such insurance shall not be reasonably available at reasonable rates in the commercial insurance market.

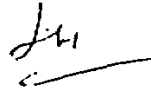
2. **Certificates of Insurance:** The Company shall provide the Board with certificates of insurance evidencing the policies and endorsements listed below. Failure by the Company to obtain the insurance coverage or certificates of insurance required by this Schedule B shall not relieve the Company of the insurance requirements set forth herein or in any way relieve or limit the Company's obligations and liabilities under any other provision of this Agreement. If the Company shall fail to procure or maintain any insurance required pursuant to this Schedule B, then the Board shall have the right, upon delivering 30 days prior notice to the Company, to procure such insurance in accordance with the requirements of this Schedule B at the full cost to the Company.
3. **Required Coverage:** The Company shall, at its own expense, acquire and maintain, or cause to be maintained, from the date of Financial Closing and throughout the term of this Agreement as applicable, the following minimum coverages so long as such coverages are available to the Company on reasonable commercial terms.
 - (a) **Workers Compensation and Employers Liability:** This coverage will include workers compensation, temporary disability and other similar insurance required by the laws of GAP and GOI. Additionally, coverage under this clause (a) shall include a voluntary compensation and employers' liability endorsement for employees not subject to the workers compensation laws. Employers liability coverage limits should be no less than those provided for under the Workmen's' Compensation Act.

(b) **General Liability Insurance:** This coverage will include either Comprehensive General Liability or Commercial General Liability Insurance coverage for all operations by or on behalf of the Company. Such coverage shall provide insurance for bodily injury and property damage liability for the limits of liability of not less than \$10 million and shall include coverage for:

- (i) Death and bodily injury;
- (ii) Property damage;
- (iii) Product liability;
- (iv) Contractual liabilities (assumed by the Company) arising from:

- (A) the business of the Company, or
- (B) the premises and operations within India.

(c) **Builders All Risk Insurance:** This insurance shall include coverage for fire, earthquakes and flood perils including transit, testing, incidental storage, delay costs, structures, equipment, buildings, improvements and temporary structures used in the construction of or as part of the permanent Project, from the start of construction through the Commercial Operation Date of the final Generating Unit to come on line under this Project. The coverage shall be no less than the maximum probable loss of property items covered, subject to a reasonable deductible, which is commercially available at similar rates for projects of similar size and similar location. The limits for earthquake and flood perils shall be no less than 40 percent of the full replacement values. Sublimits deemed to reasonably protect the value of the property will be in effect, and the Company will provide written notification as to these sublimits and any changes to these sublimits.



SCHEDULE C

OUTAGES AND EMERGENCIES

Scheduled and Maintenance Outages.

1. The Company shall (a) at least forty-five (45) days prior to the Acceptance Date of each Generating Unit submit its desired schedule of Scheduled Outage periods to the Board for the period commencing with the Acceptance Date of such Generating Unit and ending with the last day of the first full Maintenance Year after such Generating Unit begins commercial operation; and (b) by the following March 1 and each succeeding March 1 of each Maintenance Year (or by such other date as may be prescribed by regulation or, if no such date is so prescribed, as the Parties may agree) submit to the Board in writing its desired schedule of Scheduled Outage periods for the following Maintenance Year; provided, however, that the Company will use its reasonable endeavors to not set any Scheduled Outage periods during the months of April, May and June and will further use its reasonable endeavors to set Scheduled Outage periods for times during the months of July, August, September and October.
2. (a) By May 1 before each succeeding Maintenance Year (or by such other date as may be prescribed by regulation or, if no such date is so prescribed, as the Parties may agree), the Board shall notify the Company in writing whether the requested schedule of Scheduled Outages for each Maintenance Year is acceptable.

(b) If the Board does not accept any one or more of the requested Scheduled Outages, then the Board shall promptly advise the Company of a time when any such unacceptable Scheduled Outage can be rescheduled. Such rescheduled time shall be as close as reasonably practicable to the requested time, shall comply with the Technical Limits, shall be consistent with Prudent Utility

Practices and the manufacturers' recommendations, and shall be in continuous periods of equal duration as the requested period. If the Board fails within the allowed period to object to any Scheduled Outage of which it receives notice pursuant to paragraph (1) above or fails within such period to advise the Company of a substitute time, the Company may adhere to its schedule of the Scheduled Outage(s) for the times stated in such notice.

- (c) Notwithstanding the fixing and agreeing of the time for the Scheduled Outages, the Board may upon notice to the Company at least 60 days prior to the date which the Board proposes to reschedule any Scheduled Outages, and upon the Board agreeing to pay any resulting increase in the cost (subject to reasonable verification of such cost by the Board) to the Company therefrom, require the Company to reschedule a Scheduled Outage.
 - (d) The Board should take into account the scheduled annual shut down under any contract the Company may have with the Gas Authority of India Limited when requesting a rescheduling of any Scheduled Outage.
3. The Company shall schedule Scheduled Outages only at times determined as aforesaid, provided, however, that the Board shall not require the Company to schedule Scheduled Outages in a manner or time which is outside the Technical Limits, is inconsistent with Prudent Utility Practices or the manufacturers' recommendations or that otherwise, in the reasonable judgment of the Company, risks damage to the Project.
4. Notwithstanding the fixing of a time for a Scheduled Outage pursuant to paragraph (2) above, the Board may, upon notice provided to the Company at least thirty (30) days prior to the date which the Board proposes to reschedule any Scheduled Outage, and upon the Board agreeing to pay any resulting increase in the cost (subject to reasonable verification of such

cost by the Board) to the Company resulting therefrom, require the Company to reschedule a Scheduled Outage, provided however, (i) that the Board shall not require that such Scheduled Outage be rescheduled for a period of shorter duration or in a manner or time outside the Technical Limits, or that is inconsistent with Prudent Utility Practices or that otherwise, in the reasonable judgment of the Company, risks damage to the Project equipment; (ii) that the Board shall not require that a single Scheduled Outage period be split into two or more periods without compensating the Company for any additional costs imposed thereby; and (iii) that the Board shall not require that a Scheduled Outage be rescheduled to begin on a date any earlier than thirty (30) days from the date of such notice by the Board without the consent of the Company, which may be withheld in its sole discretion. The Company shall use reasonable endeavors to minimize such increased costs.

5. All scheduling and rescheduling pursuant to clauses 2(b), 2(c) and 2(d), above, shall be done without unfair discrimination between the Project and all other plants providing capacity and/or energy to the Board.
6. The Board shall use reasonable endeavors to coordinate its maintenance program for the Interconnection Facility with the approved Scheduled Outages so as to minimize any disruption to the operation of the Project.
7. The Company shall not begin a Maintenance Outage without the prior consent of the Board. When the need arises for a Maintenance Outage, the Company shall advise the Board of such need, of a description of work required of the date on which the Company desires to commence such work and estimated duration of such work. The Board shall allow the Company to schedule such Maintenance Outage within a period of time reasonable under the circumstances, but in any event at such time as would not cause the Project to exceed the Technical Limits or to be operated in a manner which is inconsistent with Prudent Utility Practices. The Company may

advise the Board orally of the above matters and the Board shall respond orally within twenty-four (24) hours of such notice. The Board and the Company shall confirm its communication in writing within three (3) days.

Operation and Maintenance

8. The Company shall operate and maintain the Project in accordance with Prudent Utility Practices, the Technical Limits and the requirements of the Board's electrical system (with any reduction in generation due to the latter being subject to the provisions of this Agreement with respect to Deemed Generation and Notional Generation) and, with respect to the Project, shall not be relieved of its responsibilities hereunder except as otherwise provided in this Agreement; provided, that a default by the operator under the operating and maintenance agreement for the Project shall not relieve the Company of any of its responsibilities hereunder.
9. The Company shall obtain the approval (which approval shall not be unreasonably withheld or delayed) of the Board to any modification of the Generating Units (including facilities appurtenant thereto) proposed to be made by the Company where such modification is reasonably likely to have a material effect on the Company's obligations under this Agreement.

Emergency Plans

10. The Company shall cooperate with the Board in establishing agreed Emergency plans for the Project at least one hundred and twenty (120) days before the Scheduled COD of the first Generating Unit including, without limitation, recovery from a local or widespread electrical blackout and voltage reduction in order to effect load curtailment.

Supply of Power in Emergency

11. The Company shall, during an Emergency, as soon as possible after receipt of a request from the Board, supply such power as the Project, after the Combined Cycle COD is able to generate consistent with Prudent Utility Practices, provided, however, the Company shall not be obligated to operate beyond the Technical Limits if the Company reasonably believes that as a result of such operation there is a serious likelihood that a Generating Unit may be damaged. If a Scheduled Outage or Maintenance Outage occurs or would occur coincident with an Emergency, the Company, at the Board's sole cost and expense, shall make all reasonable efforts to reschedule the Scheduled Outage or Maintenance Outage or, if the Scheduled Outage or Maintenance Outage has begun, expedite the completion of the work to restore power supply as soon as possible. Nothing contained in this Agreement or the Schedules hereto shall be construed to require the Company to operate any equipment or the Project at any time, including time during an Emergency, in any manner inconsistent with Prudent Utility Practices or the Technical Limits.
12. The Company shall not claim a PLF (including Deemed Generation or Notional Generation) higher than the difference between (a) 100% and (b) the percentage, calculated at the end of the Tariff Year, equal to the generation lost due to the actual Scheduled Outages, Maintenance Outages and Forced Outages (except to the extent Forced Outages result from an Indian Political Event) experienced during such Tariff Year divided by the Installed Capacity multiplied by the number of hours in such Tariff Year.

SCHEDULE D

GOVERNMENT OF INDIA NOTIFICATIONS

THE GAZETTE OF INDIA

EXTRAORDINARY

PART II-Section 3-Sub Section (ii)

PUBLISHED BY AUTHORITY

MINISTRY OF POWER

NOTIFICATION

New Delhi, Tuesday, the March 29, 1994/Chaitra 8, 1916

S.O. 265 (E) : In exercise of the power conferred by *the Electricity (Supply) Act, 1948, (54 of 1948) the Central Government, after consultation with the Central Electricity Authority, hereby makes the following amendments to the notification of the Government of India in the erstwhile Ministry of Power and Non-conventional Energy Sources, Department of Power, No. S.O. 92 (E), dated the 23rd January, 1992, namely:-

In the said notification-

- (a) for the words, figures and letters "statement of accounts commencing on 1st April, 1992", the words, figures and letters "statement of accounts commencing on 1st April, 1994: shall be substituted;
- (b) for the schedule, the following schedule shall be substituted; namely,

SCHEDULE

Existing Description of Assets		Revised	
Fair life (years)	Depreciation (Straight line)	Fair life (years)	Depreciation (Straight line)
(1)	(2)	(3)	(4) (5)
A. Land owned under full title		Infinity	- Infinity -
B. Land held under lease			
(a) for investment in the land		The period of lease or the period remaining unexpired on the assignment of the lease.	- The period of lease or the period remaining unexpired on the assignment of the lease. -
(b) for cost of clearing site		The period of the lease remaining unexpired at the date of clearing the Site.	- The period of the lease remaining unexpired at the date of clearing the Site. -
C. Assets purchased new:			
(a) Plant and machinery in generating stations including plant foundations:			
(i) Hydro-electric		35	3.40
(ii) Steam electric		25	5.06
NHRS & Waste Heat Recovery Boilers I Plants			35 3.40 25 7.84

*Sub-paragraph (a) of paragraph VI of the Sixth Schedule to

(iii)	Diesel-electric & gas plant	15	8.24	15	8.24
(b)	Cooling towers and circulating water systems.	25	5.06	25	7.84
(c)	Hydraulic works forming part of Hydro-electric system including electric system including:-				
(i)	Dams, Spillways, weirs, canals reinforced concrete Flumes & syphons. Flumes & syphons.	50	1.95	50	1.95
(ii)	Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge (tanks) hydraulic control valves and other hydraulic works.hydraulic works.	35	3.40	35	3.40
(d)	Building & civil engineering works of permanent character, not mentioned above:				
(i)	Offices & showrooms	50	1.95	50	3.02
(ii)	Containing thermo- electric generating plant	25	5.06	25	7.84

(iii)	Containing hydro-electric generating plant	35	3.40	35	3.40
(iv)	Temporary erection much as wooden structures	5	21.55	5	33.40
(v)	Roads other than kutchra roads	50	1.95	50	3.02
(vi)	Others	50	1.95	50	3.02
(e)	Transformers, transformer (Kiosk) sub-station equipment & other fixed apparatus (including plant foundations)				
(i)	Transformers (including foundations) having a rating of 100 kilo volt amperes and over	25	5.06	25	7.84
(ii)	Others	25	5.06	25	7.84
(f)	Switchgear, including cable connections	25	5.06	25	7.84
(g)	Lightning arrestors				
(i)	Station type	25	5.06	25	7.84
(ii)	Pole type	15	8.24	15	12.77
(iii)	Synchronous condensor	35	3.40	35	5.27
(h)	Batteries	5	21.55	5	33.40
(i)	Underground Cable including joint boxes and disconnected boxes	35	3.40	35	5.27
(ii)	Cable duct system	50	1.95	50	3.02

(i)	Overhead lines including supports :				
(i)	Lines on fabricated steel operating at nominal voltages higher than 66 KV	35	3.40	35	5.27
(ii)	Lines on steel supports operating at nominal voltages higher than 13.2 Kilo volts but not exceeding 66 Kilo volts	25	5.06	25	7.84
(iii)	Lines on steel or reinforced concrete supports	25	5.06	25	7.84
(iv)	Lines on treated wood supports	25	5.06	25	7.84
(j)	Meters	15	8.24	15	12.77
(k)	Self propelled Vehicles	5	21.55	5	33.40
(l)	Air-conditioning plants :				
(i)	Static	15	8.24	15	12.77
(ii)	Portable	5	21.55	5	33.40
(m)(i)	Office Furnitures and Fittings	15	8.24	15	12.77
(ii)	Office Equipments	15	8.24	15	12.77
(iii)	Internal wiring including Fittings & Apparatus	15	8.24	15	12.77
(iv)	Steel light fittings	15	8.24	15	12.77
(o)	Apparatus let on hire				
(i)	Other than motors	5	21.55	5	33.40
(ii)	Motors	15	8.24	15	12.77
(p)	Communication Equipment :				

(i)	Radio and high frequency carrier system	15	8.24	15	12.77
(ii)	Telephone lines and telephones	15	8.24	15	12.77
(q)	Assets purchased second hand and assets not otherwise provided for in the schedule.		Such reasonable period as the competent Government determines in each case having regard to the nature, age and condition of the assets at the time of its acquisition by the owner"		

(T. SETHUMADHAVAN)
Joint Secretary to the Government of India
F.No. 6/1 /Tariff/93-94

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THE GAZETTE OF INDIA

EXTRAORDINARY

PART II-Section 3-Sub Section (ii)

PUBLISHED BY AUTHORITY

MINISTRY OF POWER

NOTIFICATION

New Delhi, the 30th March, 1992

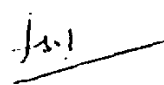
(As amended vide Notification No. S.O. 36 (E) dated 18/19th Jan '94 and S.O. 605 (E) dated 22nd Aug. 94)

S.O. 251 (E) In exercise of the powers conferred by sub-section (2) of section 43A of the Electricity (Supply) Act, 1948 (54 of 1948), hereinafter referred to as the Said Act, the Central Government hereby determines the factors in accordance with which the tariff for sale of electricity by Generating Companies to the Board and to other persons shall be determined, as follows:-

1. Thermal Power Generating Stations

The two-part tariff for sale of electricity from Thermal power generating stations (including gas based stations) shall comprise the recovery of annual fixed charges consisting of interest on loan capital, depreciation, operation and maintenance expenses (excluding fuel), taxes on income reckoned as expenses, return on equity and interest on working capital at a normative level of generation, and energy (variable) charges covering fuel cost recoverable for each unit (kilowatt hours) of energy supplied and shall be based on the following norms:

- 1.1 The norms of operation and Plant Load Factor as has been laid down by the Authority, for the time being, subject to modifications thereof, if any under Sub-Section (2) of section 43A of the Said Act, namely:



i. Plant Load Factor

- During stabilisation period - 4500 hours/kw/year
- Subsequent period - 6000 hours/kw/year

ii. Station Heat Rate for coal based stations

- During stabilisation period - 2600 K Cal/kWh
- Subsequent period - 2500 K Cal/kWh

(In respect of 500 MW units where the boiler feed pumps are electrically operated the heat rate of 40 K. Cal /kWh shall be reduced from station heat rate)

iii. Station Heat Rate for gas based stations

- For open cycle - 2900 K. Cal/kWh
- For combined cycle - 2000 K. Cal/kWh

iv. Secondary fuel oil consumption for coal based stations

- During stabilisation period - 5 ml/kWh
- Subsequent period - 3.5 ml/kWh

v. Auxiliary Consumption

With cooling tower Without cooling tower

(a) Coal based stations

- 200 MW series 9.5 per cent
- 500 MW series 9.0 per cent
- steam driven pumps 8.0 per cent
- Electrically driven pumps 7.5 per cent

- 9.5 per cent
- 9.0 per cent

(b) Gas based stations

- Combined cycle 3.0 per cent
- Open cycle 1.0 per cent

(During the stabilisation period, normative auxiliary consumption shall be reckoned at 0.5 per cent over and above the figures specified above).

vi. Stabilisation period

Stabilisation period commencing from the date of commercial operation shall be reckoned as follows:

- (a) Thermal - 180 days
- (b) Open cycle gas station - 90 days
- (c) Combined cycle gas station - 90 days

vii. Date of Commercial Operation

The date of commercial operation of individual units shall be reckoned as follows.

- Thermal Units : Not exceeding 180 days from the date of synchronisation;

- Gas Units: From the date of synchronisation.

1.2 The capital expenditure of the project shall be financed as per the approved financial package set out in the technoeconomic clearance of the Authority.

The project cost shall include capitalised initial spares. The approved project cost shall be the cost which has been specified in the techno-economic clearance of the Authority.

The actual capital expenditure incurred on completion of the project shall be the criterion for the fixation of tariff. Where the actual expenditure exceeds the approved project cost the excesses as approved by the Authority shall be deemed to be the actual capital expenditure for the purpose of determining the tariff.

Provided that such excess expenditure is not attributable to the Generating Company or its suppliers or contractors:

Provided further that where a power purchase agreement entered between the Generating Company and the Board provides a ceiling on capital expenditure, the capital expenditure shall not exceed such ceiling.

- 1.3 In respect of infirm power, that is sale of electricity prior to commercial operation of the unit, any revenue from such sale (other than the fuel cost), shall be taken as reduction in Capital expenditure and not as net revenue.
- 1.4 Extra Rupee liability towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of foreign exchange rate variation and is not attributable to Generating Company or their suppliers or contractors.
- 1.5 The annual fixed charges shall be computed on the following basis
- a) Interest on loan capital shall be computed on the outstanding loans including the schedule of repayment, as per the financial package approved by the Authority.
 - b) The rates of depreciation shall be applicable as notified by the Central Government from time to time.
 - c) Operation and Maintenance expenses for the first full year, after commissioning of the Plant, shall be calculated as a percentage of the actual capital expenditure as provided in clauses 1.2 on the basis of one of the following alternatives, namely:
 - (i) at the rate of 2.5 per cent of the actual capital expenditure or ceiling on capital expenditure provided in the power purchase agreement or
 - (ii) at 2 per cent of the actual capital expenditure or ceiling on capital expenditure provided in the power purchase agreement together with actual expenditure on insurance.

Provided that total of 2 per cent of the actual capital expenditure or ceiling on capital expenditure provided in the power purchase agreement and the actual expenditure on insurance shall not exceed 3 per cent of the capital expenditure as provided in clause 1.2.

Note:- The expenditure on the Operation and Maintenance in each subsequent year shall be revised as may be mutually agreed upon between the Board and the Generating Company on the basis of weighted price index.

- d) Tax on income, if any, to be computed as expense at actuals. Any under or over recoveries of tax on income shall be adjusted every year, on the basis of a certificate of Statutory Auditors.
- e) Return on equity shall be computed on the paid up and subscribed capital relatable to the generating unit, and shall be 16 per cent of such capital.

Explanation:- For the purpose of this paragraph, the Generating Company shall, in regard to subscribed equity brought in foreign exchange, have the option to compute the return on equity not exceeding 16 per cent in the currency of the subscribed capital.

- f) Interest on working capital shall cover
 - i) Fuel costs for one month, reasonable fuel stocks as actually maintained but limited to 15 days for pit head stations and 30 days for non pit head stations.
 - ii) 60 days' stock of secondary fuel oil.
 - iii) Operation and maintenance expenses (cash) for one month.
 - iv) Maintenance spares at actuals but not exceeding one year's requirements less value of one fifth of initial spares already capitalised and,
 - v) Receivables equivalent to two months' average billing for sale of electricity. For payment of bills through Letter of Credit, a rebate of 2.5 per cent shall be allowed. Where payments are made otherwise than through letter of Credit, but within a period of one month of presentation of bills by the

Generating Company, a rebate of 1 per cent shall be allowed.

- 1.6 Full fixed charges shall be recoverable at generation level of 6000 hours / kw / year. Payment of fixed charges below the level of 6000 hours / kw / year shall be on prorata basis. There shall not be any payment for fixed charges for generation level above 6000 hours / kw / year. For generation of above 6000 hours / kw / year, the additional incentive payable shall not exceed 0.7 per cent of return on equity, for each percentage point increase of Plant Load Factor above the normative level of 6000 hours / kw/year. While computing the level of generation, the extent of backing down, as ordered by the Regional Electricity Boards shall be reckoned as generation achieved. The payment of fixed charges shall be on monthly basis, proportionate to the electricity drawn by the respective Boards and other person. Necessary adjustment based on actual shall be made at the end of each year.

Note:- The additional incentive of return on equity of 0.7 per cent for each percentage increase above the normative level of 6000 hours / kw / year, mentioned above, shall be the maximum ceiling. It shall be open to the Generating Companies and Boards or other power purchasers to negotiate and fix a suitable lower additional incentive, within the above ceiling.

- 1.7 Energy (variable) charges shall cover fuel costs and shall be calculated as follows.
- (a) Primary fuel, namely coal or gas - Quantity shall be computed on the basis of Station Heat Rate (less heat contributed by secondary fuel oil as below, for coal based stations) and gross calorific value of coal or gas actually fired.
 - (b) Secondary fuel oil only for coal - At normative consumption. During stabilisation based stations period- 5ml / kWh, subsequent period-3 .5 ml / kWh.
 - (c) Adjustment on account of variation - Initially Gross Calorific value of coal or gas in price or heat value of fuels may be taken as per actuals in the preceding three

months. Any variation shall be adjusted on a month to month basis on the basis of Gross

Calorific Value of coal or gas actually received and burnt and actual landed cost incurred by the Generating Company for procurement of coal, oil or gas as the case may be.

2. Hydro Power Generating Stations

The single part tariff for sale of electricity from hydro power generating stations shall comprise the recovery of annual charges consisting of interest on loan capital, depreciation, operation and maintenance expenses, tax on income reckoned as expenses, return on equity and interest on working capital at a normative level of generation shall be based on the following norms, as may be applicable:

2.1 The norms of operation as has been laid down by the Authority, for the time being, subject to modifications thereof, if any, under Sub-Section (2) of Section 43A of the Said Act, namely:

i) Hydrology

Designed energy of the project to be calculated on 90 percent dependable hydrology for stations exceeding 15 MW capacity and 75 per cent dependable hydrology for stations of 15 MW or lower capacity which shall be split into energy generation for 10 days intervals showing peak and off-peak energy.

ii) Auxiliary consumption

0.5 per cent of energy generated.

iii) Date of Commercial operation

Not exceeding 15 days from the date of synchronisation.

2.2 The capital expenditure of the project is to be financed as per the approved financial package set out in the techno-economic clearance of the Authority.



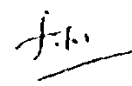
The project cost shall include capitalised initial spares. The approved project cost shall be the cost which has been specified in the techno-economic clearance of the Authority.

The actual capital expenditure incurred on completion of the project shall be the criterion for the fixation of tariff. Where the actual expenditure exceeds the approved project cost the excesses as approved by the Authority shall be deemed to be the actual capital expenditure for the purpose of determining the tariff, provided that such excess expenditure is not attributable to the generating company or its suppliers or contractors.

- 2.3 In respect of infirm power, that is, sale of electricity prior to commercial operation of the project, any revenue from such sale shall be taken as reduction in capital expenditure and not as net revenue.
- 2.4 Extra Rupee liability towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of foreign exchange rate variation and is not attributable to Generating company or their suppliers or contractors.
- 2.5 The annual fixed charges shall be computed on the following basis:
- a) Interest on loan capital shall be computed on the outstanding loans, including the schedule of repayment, as per the financial package approved by the Authority on the basis of weighted average rate of interest.
 - b) The rates of depreciation shall be applicable as notified by the Central Government, from time to time.
 - c) Operation and Maintenance expenses shall be determined for blocks of five years. In the base year, it shall be equivalent to 1 percent of the current capital cost as laid down by the Authority, and shall be updated for the subsequent four years of the block period, at a progressive rate of 10 per cent per annum.
 - d) Tax on income, if any, to be reckoned as expense at actuals. Any under or over recoveries of tax on income

shall be adjusted yearly, on the basis of a certificate of Statutory Auditors.

- e) Return on equity shall be computed on the paid up and subscribed capital relatable to the generating unit, and shall be 16 per cent of such capital.
 - f) Interest on working capital shall cover:
 - i) Operation and Maintenance expenses (cash) for one month.
 - ii) Maintenance spares at actuals but not exceeding one year's requirement less value of one fifth of initial spares already capitalised, and
 - iii) Receivables equivalent to two months average billing for sale of electricity. For payment of bills through Letter of Credit, a rebate of 2.5 per cent shall be allowed. Where payments are made otherwise than through Letter of Credit, but within a period of one month of presentation of bills by the Generating Company, a rebate of 1 per cent shall be allowed.
- 2.6 The peak energy charges shall be equal to the total annual expenses minus income from the off-peak energy charges over a year divided by the sale of peak energy for the year, provided that the total of peak and off-peak energy charges shall not, in a year, exceed the total annual expenses.
- 2.7 The off-peak energy shall be sold at a rate lower than the variable charges of thermal project in the region, as mutually agreed to between the Board and Generating Company.
- 2.8 The seasonal hydro energy, which is the energy generated in excess of the design energy shall be computed at 5 per cent of average energy rates. The average energy rate shall be the total annual expenses divided by total designed energy generation less auxiliary consumption.



3.0 General

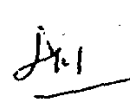
3.1 The tariff for the sale of electricity by a Generating Company to a Board may also be determined in deviation of the norms, other than the norms regarding operation and Plant Load Factor, specified in this notification subject to the conditions that

- (a) The overall per unit tariff of electricity calculated on the basis of the norms in deviation does not exceed the per unit tariff calculated on the basis of the norms specified in this notification;
- (b) the concerned State Government has, after satisfying itself, recommended that the deviations made are justified; and
- (c) the Central Government, after satisfying itself that the overall per unit tariff is in accordance with condition (a) above, approves the deviations.

3.2 In case a Generating Company is permitted by the competent Government to supply electricity direct to a consumer in terms of clause (c), sub-section (1), section 43A of the said Act, such sale shall be at mutually negotiated rates, agreed upon between the generating company and the other person(s), subject to the approval of the competent Government.

3.3 This notification shall be applicable for determining the tariff for sale of electricity from such generating stations, whose financial package for investment is approved by the Authority, on or after the date of its publication in the Official Gazette.

(T. SETHUMADHAVAN)
Joint Secretary to the Government of India
File No. A-5/91-IPC



The Gazette of India

Extra ordinary

Part - II, Section - 3, Sub Section (ii) dated 13.1.1995.
Government of India
Ministry of Power

New Delhi the 12th January, 1995.

NOTIFICATION

S.O.39(E)./ - In exercise of the powers conferred by subsection (2) of section 43A of the Electricity (Supply) Act, 1948 (54 of 1948), the Central Government hereby makes the following further amendments in the notification of the Government of India in the Ministry of Power number S.O.251 (E) dated the 30th March 1992, namely:

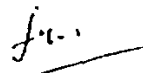
In the said notification,

- (a) in para-graph 1.1, the following explanation shall be inserted at the end, namely:

"Explanation:- For removal of doubts, it is clarified that the norms laid down by the Authority are the ceiling norms only and this shall not preclude the Boards and Generating Companies from agreeing to accept improved norms.";

- (b) in paragraph 1.5 in clause (e), the explanation shall be numbered as explanation I, and after explanation I as so numbered, the following explanation shall be inserted, namely:

"Explanation II Premium raised by the Generating Company while issuing share capital and investment of internal resources created out of free reserve of existing company, if any, for the funding of the project, shall also be reckoned as paid up capital for the purpose of computing the return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the power generation project and



forms part of the approved financial package as set out in the techno-economic clearance accorded by the Authority."

- (c) for paragraphs 2 to 2.8, the following paragraphs shall be substituted:

2. Hydro Power Generating Stations:-

The two-part tariff for sale of electricity from hydro power generating stations shall comprise the recovery of annual capacity charge consisting of interest on loan capital, depreciation and energy charges consisting of operation and maintenance expenses, tax on income reckoned as expenses, return on equity and cess/levy on water charges at actuals and interest on working capital at a normative level of Generation.

2.1 Definitions for tariff of hydro station:-

In paragraphs 2 to 2.8, -

- (i) "Availability", in relation to a project, means the capacity of the project, including the generating units, to generate power on availability of water; and the annual availabilities of a project shall be determined as per the following formula:-

$$\text{Percentage Annual Availability} = \frac{(H_1 U_1 + H_2 U_2 + \dots + H_n U_n) \times 100}{(U_1 + U_2 + \dots + U_n) \times 8760}$$

Where, U_1, U_2, \dots, U_n are the capacities in Mega Watts of different units, and

H_1, H_2, \dots, H_n are the hours for which the respective units were available for operation during the year;

- (ii) "Design Energy" means the quantum of energy which could be generated in a 90 percent dependable year with 95 percent Availability of installed capacity of the station;

Explanation- If the total energy generation in the years for which hydrological data is available (say N years) is arranged in descending order, the $(N+1) \times 0.9$ th year would represent the 90 percent

dependable year. The 90 per cent dependable year is a year in which the annual energy generation has the probability of being equal to or in excess of 90 percent of the expected period of operation of the scheme.

- (iii) "Installed Capacity" means the summation of the name plate capacity of the generating units in the station or the capacity as decided in consultation with the Authority from time to time considering the uprating, derating, etc., as may be applicable;
 - (iv) "Project" includes the complete hydro power generating facility covering all components such as dam, intake-water conductor systems, power station, generating units of the scheme as apportioned to power generation and as decided by the Authority;
 - (v) "Secondary Energy" means the quantum of energy generated in excess of the design energy on an annual basis in the station;
 - (vi) "Station" means a hydro generating station having an installation of one or more hydro generating units including reversible units;
- 2.2. The norms of operation as have been laid down by the Authority, for the time being subject to modification thereof, if any, under sub section (2) of section 43 A of the Act are as under: -

- (i) Normative level of generation (Design Energy):

Energy computed in a 90 percent dependable year with 95 percent availability of installed capacity, as set out in techno-economic clearance.

- (ii) Normative availability of the project:
90 percent Availability.

(iii) Auxiliary consumption:
0.5 percent of energy generated.

(iv) Transformation losses (from generation voltage to
transmission voltage):
0.5 percent of energy generated.

(v) Date of commercial operation:

Not exceeding 15 days from the date of synchronisation.

Explanation For removal of doubts, it is clarified that the norms laid down by the Authority are the ceiling norms only and this shall not preclude the Boards and Generating Companies from agreeing to accept improved norms.

2.3 (a) The capital expenditure of the project shall be financed as per the approved financial package set out in the techno-economic clearance of the Authority.

(b) The project cost shall include capitalised initial spares. The approved project cost shall be the cost which has been specified in the techno-economic clearance of the Authority.

(c) The actual capital expenditure incurred on completion of the project shall be a criterion for the fixation of tariff. Where the actual expenditure exceeds the approved project cost, the excess expenditure as approved by the Authority shall be deemed to be the actual capital expenditure, for the purpose of determining the tariff; provided that such excess expenditure is not attributable to the Generating Company or its supplier or contractors:

Provided further that where a power purchase agreement entered into between the Generating Company and the Board provides a ceiling on capital expenditure, the capital expenditure shall not exceed such ceiling.

- 2.4 In respect of infirm power, i.e. sale of electricity prior to commercial operation of the unit, any revenue from such sale shall be taken as reduction in capital expenditure and not as net revenue.
- 2.5 Extra Rupee liability towards interest payment and loan repayment actually incurred in the relevant year shall be admissible, provided it directly arises out of foreign exchange rate variation and is not attributable to Generating Company or its suppliers or contractors.
- 2.6 The annual capacity charges shall be computed on the following basis, namely:-
- (a) Interest on loan capital shall be computed on the outstanding loans including the schedule of repayment, as per the financial package approved by the Authority;
 - b) The rates of depreciation shall be applicable as notified by the Central Government from time to time; or "Advance Against Depreciation" shall be applicable at an annual amount not exceeding one-twelfth of the loan amount and limited to the actual loan liability of the year, as per the approved financial package.

Explanation I:- The total of depreciation including Advance Against Depreciation, charged through the tariff shall not exceed 90 per cent of the approved capital cost during the life of the project.

Explanation II:- In case a generating company takes assets on lease, the leasing charge as approved by the Authority, shall be considered in the capacity charge in lieu of depreciation and interest liability.

- 2.7 Full capacity charges shall be recoverable in 7,884 hours/year (90 percent cent Availability) of operation. Payment of capacity charge below the level of 7,884 hours/year shall be on pro-rata basis. There shall not be any payment of capacity charges for availability level above 7884 hours/year. The capacity charge

shall be calculated on monthly basis and denominated in Rs / KW / month.

2.8 Total Energy Charges for a year shall be computed on the following basis:-

- (a) Operation and maintenance expenses, inclusive of insurance expenses for the first full year after commissioning of the plant, shall be calculated at 1.5 per cent of the approved capital expenditure or the ceilings on capital expenditure as provided in paragraph 2.3.

The expenditure on operation and maintenance, inclusive of insurance expenses, in each subsequent year after the first full year of operation shall be revised as may be mutually agreed upon between the Board and Generating Company on the basis of the weighted price index.

- (b) Tax on income, if any, shall be computed as expense at actuals. Any over recoveries or under recoveries of tax on income shall be adjusted every year on the basis of a certificate of Auditors.
- (c) Return on equity shall be computed at 16 per cent on the paid up and subscribed capital relatable to the generating unit.

Explanation I - For the purpose of this sub paragraph, the Generating Company shall, in regard to subscribed equity brought in foreign exchange, have the option to compute the return on equity not exceeding 16 percent in the currency of the Subscribed Capital.

Explanation II - Premium raised by the Generating Company while issuing share capital and investment of internal resources created out of free reserve of an existing company, if any, for the funding of the project, shall also be reckoned as paid up capital for the purpose of computing the return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure of the power generation project and

form part of the approved financial package as set out in the techno-economic clearance accorded by the Authority.

(d) Interest on working capital which covers:

- (i) The operation and maintenance expenses for one month;
- (ii) Maintenance spares at actuals but not exceeding one year's requirements less value of one fifth of initial spares already capitalised, and
- (iii) Receivables equivalent to two months of average billing for sale of electricity.

(e) Other miscellaneous Charges:

As may be specifically applicable to the generating unit/station. These would include cess for the use of water for power generation, if levied, and energy consumption charges for pumped storage schemes as per actual payment made for the energy supplied for purpose of pumping water.

2.9 The per unit cost of primary energy shall be calculated by dividing the total energy Charges by the Design Energy of the project and shall be denominated as Rupee per kilowatt hour. The payment of primary energy charges shall be based on actual generation during the month, limited to the design energy apportioned for the month. For this purpose, the full Design Energy shall be apportioned in the twelve calendar months of the year, as may be mutually agreed between the Board and the Company.

2.10 Incentives:

In addition to the capacity charge and primary energy charge, the company shall be paid incentive as under:

- (i) For 'Availability' of installed capacity above normative level of 90 per cent, the rate of incentive shall be

mutually agreed upon between the Generating Company and the Board but it shall not exceed 0.7 per cent return on equity for each percentage point increase in availability.

(ii) Energy charges for secondary energy:

The rate of incentive for secondary energy shall be mutually agreed between the Board and the generating Company. However the maximum payment on this account in any year shall not exceed 10 per cent return on equity.

The incentives on account of higher Availability and Secondary Energy shall be payable on a monthly basis subject to a cumulative adjustment in each month of the financial year and final adjustment at the end of the year.

2.11 Deemed Generation

If the Station has achieved the normative Availability level in a contract year, but actual energy generation falls short of design energy for reasons solely attributable to hydrology, the energy charges for generation upto design energy shall be payable to the Generating company during the first seven years of operation.

In case of reduced generation due to reasons beyond the control of Generating Company and non-availability of Board's transmission lines or on receipt of backing down instructions from the concerned Regional Electricity Board and it results in spillage of water, the energy loss on account of such spillage shall be considered as deemed generation limited to the design energy.

2.12 For payment of bills through Letters of Credit, a rebate of 2.5 per cent shall be allowed. Where payments are made otherwise than through opening of Letter of Credit, but within a period of one month of presentation of bills by the Generating Company, a rebate of 1 per cent shall be allowed.;

(d) after paragraph -3.3, the following paragraph shall be added namely:-

"3.4 This notification shall be applicable to such hydro-power generating stations which shall commence commercial operation on or after the 1st January, 1997."

(S.R.SHIVRAIN)
Joint Secretary to the Govt. of
India

Foot Note: The Principal Notification was published in the Gazette of India, Part II, Sec.3, Sub-section (i), dated 30th March 1992 and subsequently amended by S.O.36 (E) dated 19.1.1994 and S.O.605(E) dated 22.8.1994.

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J.

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CASE 2

Jul

[illegible]

INDUSTRIES LTD
COMPUTATION OF OPEN CYCLE TARIFF (PLF .. 68.5%)
CASE 1

[illegible]

COMPUTATION OF OPEN CYCLE TARIFF (COST PER AN HOUR)

[illegible]

100

GYK INDUSTRIES LTD
COMPUTATION OF FUEL COST

FINANCIAL CLOSING : 01 APRIL 1996
GTG 1 -- 6 MONTHS FROM FINANCIAL CLOSING (01.10.96)
GTG 2 -- 8 MONTHS FROM FINANCIAL CLOSING (01.12.97)
GTG 3 -- 10 MONTHS FROM FINANCIAL CLOSING (01.02.97)
STG -- 18 MONTHS FROM FINANCIAL CLOSING (01.10.97)

VARIABLE CHARGES -- FUEL

STATION HEAT RATE :
--FOR OPEN CYCLE
--FOR COMBINED CYCLE

PRIMARY FUEL

GROSS CALORIFIC VALUE (K Cal / M3)

PRICE (RUPEES)

OPEN CYCLE CONSUMPTION PER Kwh (SHR/GCV)

COMBINED CYCLE CONSUMPTION PER Kwh (SHR/GCV)

OPEN CYCLE COST PER Kwh

COMBINED CYCLE COST PER Kwh

2900 K Cal/Kwh
2000 K Cal/Kwh

NAPTILA

11320
(PER K G)

5600
(PER MT)

0.35573
(KG)

0.17637
(K G)

1.43

0.99

DETAILS OF UNITS GENERATED & UNITS FOR SALE (FUEL -- NAPIHTHA -- 68.5%)
 LARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)

AMBIENT TEMPERATURE (DEGREES CENTIGRADE)

GTG 1 (01.12.96)

GTG 2 (01.02.97)

GTG 3 (01.04.97)

TOTAL

AUXILIARY CONSUMPTION
 UNITS FOR SALE

INSTALLED PLANT LOAD
 CAPACITY FACTOR
 (MW) %

45.8 68.5
 45.8 68.5
 45.8 68.5
 45.8 68.5
 48.9 68.5
 140.5

PERIOD TOTAL UNITS
 DAYS GWH/KWH

0 0.0
 0 0.0
 0 0.0
 0 0.0
 90 72.4
 91 72.4
 147.1

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)

AMBIENT TEMPERATURE (DEGREES CENTIGRADE)

GTG 1

GTG 2

GTG 3

STG (01.10.97)

TOTAL

AUXILIARY CONSUMPTION
 UNITS FOR SALE

INSTALLED PLANT LOAD
 CAPACITY FACTOR
 (MW) %

45.8 68.5
 45.8 68.5
 48.9 68.5
 75.5 68.5
 75.5 68.5
 216.0

PERIOD TOTAL UNITS
 DAYS GWH/KWH

365 274.8
 365 274.8
 365 293.4
 90 111.7
 275 341.3
 1296.1
 38.9
 1335.2

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)

AMBIENT TEMPERATURE (DEGREES CENTIGRADE)

GTG 1

GTG 2

GTG 3

STG

TOTAL

AUXILIARY CONSUMPTION
 UNITS FOR SALE

INSTALLED PLANT LOAD
 CAPACITY FACTOR
 (MW) %

45.8 68.5
 45.8 68.5
 48.9 68.5
 75.5 68.5
 216.0

PERIOD TOTAL UNITS
 DAYS GWH/KWH

365 274.8
 365 274.8
 365 293.4
 365 453.0
 1296.1
 38.9
 1335.2

AUXILIARY CONSUMPTION

DURING OPEN CYCLE AT 1% BUT DURING STABILISATION PERIOD AT 1.5%
 DURING COMBINED CYCLE AT 3% BUT DURING STABILISATION PERIOD AT 1.5%

UNITS GENERATED -- FUEL -- NAPIHTHA -- 68.57

TARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)
OPEN CYCLE

TOTAL UNITS
OIL KERO
WITH
NAPIHTHA
147.1
147.1

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)
COMBINED CYCLE

1296.1
1296.1

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)
COMBINED CYCLE

1296.1
1296.1

FUEL CONSUMPTION

TARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)
OPEN CYCLE

NAPHTHA
OIL KGS

37.6
37.6

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)
COMBINED CYCLE

228.6
228.6

FUEL COST

228.6
228.6

TARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)
OPEN CYCLE

NAPHTHA
OIL IN AGIL

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)
COMBINED CYCLE

210.7
210.7

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)
COMBINED CYCLE

1280.1
1280.1

FUEL FORMULA
U2 = (1000000 / (100 - A))
101.5200131

1280.1
1280.1

DEBT = IFG(H) A LOAN - (¥\$ 30 MIL. INTEREST RATE 10.1%)

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48	2048-49	2049-50	2050-51	2051-52	2052-53	2053-54	2054-55	2055-56	2056-57	2057-58	2058-59	2059-60	2060-61	2061-62	2062-63	2063-64	2064-65	2065-66	2066-67	2067-68	2068-69	2069-70	2070-71	2071-72	2072-73	2073-74	2074-75	2075-76	2076-77	2077-78	2078-79	2079-80	2080-81	2081-82	2082-83	2083-84	2084-85	2085-86	2086-87	2087-88	2088-89	2089-90	2090-91	2091-92	2092-93	2093-94	2094-95	2095-96	2096-97	2097-98	2098-99	2099-00	2100-01	2101-02	2102-03	2103-04	2104-05	2105-06	2106-07	2107-08	2108-09	2109-10	2110-11	2111-12	2112-13	2113-14	2114-15	2115-16	2116-17	2117-18	2118-19	2119-20	2120-21	2121-22	2122-23	2123-24	2124-25	2125-26	2126-27	2127-28	2128-29	2129-30	2130-31	2131-32	2132-33	2133-34	2134-35	2135-36	2136-37	2137-38	2138-39	2139-40	2140-41	2141-42	2142-43	2143-44	2144-45	2145-46	2146-47	2147-48	2148-49	2149-50	2150-51	2151-52	2152-53	2153-54	2154-55	2155-56	2156-57	2157-58	2158-59	2159-60	2160-61	2161-62	2162-63	2163-64	2164-65	2165-66	2166-67	2167-68	2168-69	2169-70	2170-71	2171-72	2172-73	2173-74	2174-75	2175-76	2176-77	2177-78	2178-79	2179-80	2180-81	2181-82	2182-83	2183-84	2184-85	2185-86	2186-87	2187-88	2188-89	2189-90	2190-91	2191-92	2192-93	2193-94	2194-95	2195-96	2196-97	2197-98	2198-99	2199-00	2200-01	2201-02	2202-03	2203-04	2204-05	2205-06	2206-07	2207-08	2208-09	2209-10	2210-11	2211-12	2212-13	2213-14	2214-15	2215-16	2216-17	2217-18	2218-19	2219-20	2220-21	2221-22	2222-23	2223-24	2224-25	2225-26	2226-27	2227-28	2228-29	2229-30	2230-31	2231-32	2232-33	2233-34	2234-35	2235-36	2236-37	2237-38	2238-39	2239-40	2240-41	2241-42	2242-43	2243-44	2244-45	2245-46	2246-47	2247-48	2248-49	2249-50	2250-51	2251-52	2252-53	2253-54	2254-55	2255-56	2256-57	2257-58	2258-59	2259-60	2260-61	2261-62	2262-63	2263-64	2264-65	2265-66	2266-67	2267-68	2268-69	2269-70	2270-71	2271-72	2272-73	2273-74	2274-75	2275-76	2276-77	2277-78	2278-79	2279-80	2280-81	2281-82	2282-83	2283-84</
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PAYMENT 36 QUARTERLY INSTALLMENTS BEGINNING 10/24/2014					
NEW QUARTERLY					

BT - NO LOAN - DM IS NIL INTEREST RATE 10.25

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- BCI .. R3100 NHIL INTEREST RATE 17.5%)
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- IRII .. R5100 NHIL INTEREST RATE 19.5%)
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- LIC .. R3100 NHIL INTEREST RATE 17.5%)
- UTI .. R5100 NHIL INTEREST RATE 19.5%)

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NO	DATE	DESCRIPTION	AMOUNT	BALANCE
1	10/1/78	INITIAL DEPOSIT	100.00	100.00
2	10/15/78	PAYROLL	10.00	90.00
3	10/20/78	RENT	20.00	70.00
4	10/25/78	UTILITIES	5.00	65.00
5	10/30/78	SALES	15.00	80.00
6	11/5/78	PAYROLL	10.00	70.00
7	11/10/78	RENT	20.00	50.00
8	11/15/78	UTILITIES	5.00	45.00
9	11/20/78	SALES	15.00	60.00
10	11/25/78	PAYROLL	10.00	50.00
11	11/30/78	RENT	20.00	30.00
12	12/5/78	UTILITIES	5.00	25.00
13	12/10/78	SALES	15.00	40.00
14	12/15/78	PAYROLL	10.00	30.00
15	12/20/78	RENT	20.00	10.00
16	12/25/78	UTILITIES	5.00	5.00
17	12/30/78	SALES	15.00	20.00
18	1/5/79	PAYROLL	10.00	10.00
19	1/10/79	RENT	20.00	(10.00)
20	1/15/79	UTILITIES	5.00	(15.00)
21	1/20/79	SALES	15.00	(0.00)
22	1/25/79	PAYROLL	10.00	10.00
23	1/30/79	RENT	20.00	(10.00)
24	2/5/79	UTILITIES	5.00	(15.00)
25	2/10/79	SALES	15.00	(0.00)
26	2/15/79	PAYROLL	10.00	10.00
27	2/20/79	RENT	20.00	(10.00)
28	2/25/79	UTILITIES	5.00	(15.00)
29	2/28/79	SALES	15.00	(0.00)
30	3/5/79	PAYROLL	10.00	10.00
31	3/10/79	RENT	20.00	(10.00)
32	3/15/79	UTILITIES	5.00	(15.00)
33	3/20/79	SALES	15.00	(0.00)
34	3/25/79	PAYROLL	10.00	10.00
35	3/30/79	RENT	20.00	(10.00)
36	4/5/79	UTILITIES	5.00	(15.00)
37	4/10/79	SALES	15.00	(0.00)
38	4/15/79	PAYROLL	10.00	10.00
39	4/20/79	RENT	20.00	(10.00)
40	4/25/79	UTILITIES	5.00	(15.00)
41	4/30/79	SALES	15.00	(0.00)
42	5/5/79	PAYROLL	10.00	10.00
43	5/10/79	RENT	20.00	(10.00)
44	5/15/79	UTILITIES	5.00	(15.00)
45	5/20/79	SALES	15.00	(0.00)
46	5/25/79	PAYROLL	10.00	10.00
47	5/30/79	RENT	20.00	(10.00)
48	6/5/79	UTILITIES	5.00	(15.00)
49	6/10/79	SALES	15.00	(0.00)
50	6/15/79	PAYROLL	10.00	10.00
51	6/20/79	RENT	20.00	(10.00)
52	6/25/79	UTILITIES	5.00	(15.00)
53	6/30/79	SALES	15.00	(0.00)
54	7/5/79	PAYROLL	10.00	10.00
55	7/10/79	RENT	20.00	(10.00)
56	7/15/79	UTILITIES	5.00	(15.00)
57	7/20/79	SALES	15.00	(0.00)
58	7/25/79	PAYROLL	10.00	10.00
59	7/30/79	RENT	20.00	(10.00)
60	8/5/79	UTILITIES	5.00	(15.00)
61	8/10/79	SALES	15.00	(0.00)
62	8/15/79	PAYROLL	10.00	10.00
63	8/20/79	RENT	20.00	(10.00)
64	8/25/79	UTILITIES	5.00	(15.00)
65	8/30/79	SALES	15.00	(0.00)
66	9/5/79	PAYROLL	10.00	10.00
67	9/10/79	RENT	20.00	(10.00)
68	9/15/79	UTILITIES	5.00	(15.00)
69	9/20/79	SALES	15.00	(0.00)
70	9/25/79	PAYROLL	10.00	10.00
71				

DATE	DESCRIPTION	AMOUNT	BALANCE
12/31/2023	OPENING BALANCE	0.00	0.00
01/01/2024	PAYROLL	100.00	100.00
01/15/2024	PAYROLL	100.00	200.00
02/01/2024	PAYROLL	100.00	300.00
02/15/2024	PAYROLL	100.00	400.00
03/01/2024	PAYROLL	100.00	500.00
03/15/2024	PAYROLL	100.00	600.00
04/01/2024	PAYROLL	100.00	700.00
04/15/2024	PAYROLL	100.00	800.00
05/01/2024	PAYROLL	100.00	900.00
05/15/2024	PAYROLL	100.00	1000.00
06/01/2024	PAYROLL	100.00	1100.00
06/15/2024	PAYROLL	100.00	1200.00
07/01/2024	PAYROLL	100.00	1300.00
07/15/2024	PAYROLL	100.00	1400.00
08/01/2024	PAYROLL	100.00	1500.00
08/15/2024	PAYROLL	100.00	1600.00
09/01/2024	PAYROLL	100.00	1700.00
09/15/2024	PAYROLL	100.00	1800.00
10/01/2024	PAYROLL	100.00	1900.00
10/15/2024	PAYROLL	100.00	2000.00
11/01/2024	PAYROLL	100.00	2100.00
11/15/2024	PAYROLL	100.00	2200.00
12/01/2024	PAYROLL	100.00	2300.00
12/15/2024	PAYROLL	100.00	2400.00
01/01/2025	CLOSING BALANCE	0.00	0.00

[illegible][illegible]

INTEREST RATE 9%

[illegible][illegible]

DISTANCE						
10	7.89	0.00	0.00	0.00	0.00	10.00
12	12.31	10.44	0.00	0.00	0.00	12.31
14						

[illegible]

PAYMENT :: QUARTERLY INSTALLMENTS BEGINNING FROM 29 JUNE 1997. AMOUNTS :: 1000000.

BY - TOTAL REPLICANT SCIENCE & SOLSTAR LLC

[illegible]

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

[illegible][illegible]

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100																																																																																																																																																																																								
Population	10.0	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8	10.9	11.0	11.1	11.2	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.9	13.0	13.1	13.2	13.3	13.4	13.5	13.6	13.7	13.8	13.9	14.0	14.1	14.2	14.3	14.4	14.5	14.6	14.7	14.8	14.9	15.0	15.1	15.2	15.3	15.4	15.5	15.6	15.7	15.8	15.9	16.0	16.1	16.2	16.3	16.4	16.5	16.6	16.7	16.8	16.9	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.7	17.8	17.9	18.0	18.1	18.2	18.3	18.4	18.5	18.6	18.7	18.8	18.9	19.0	19.1	19.2	19.3	19.4	19.5	19.6	19.7	19.8	19.9	20.0	20.1	20.2	20.3	20.4	20.5	20.6	20.7	20.8	20.9	21.0	21.1	21.2	21.3	21.4	21.5	21.6	21.7	21.8	21.9	22.0	22.1	22.2	22.3	22.4	22.5	22.6	22.7	22.8	22.9	23.0	23.1	23.2	23.3	23.4	23.5	23.6	23.7	23.8	23.9	24.0	24.1	24.2	24.3	24.4	24.5	24.6	24.7	24.8	24.9	25.0	25.1	25.2	25.3	25.4	25.5	25.6	25.7	25.8	25.9	26.0	26.1	26.2	26.3	26.4	26.5	26.6	26.7	26.8	26.9	27.0	27.1	27.2	27.3	27.4	27.5	27.6	27.7	27.8	27.9	28.0	28.1	28.2	28.3	28.4	28.5	28.6	28.7	28.8	28.9	29.0	29.1	29.2	29.3	29.4	29.5	29.6	29.7	29.8	29.9	30.0	30.1	30.2	30.3	30.4	30.5	30.6	30.7	30.8	30.9	31.0	31.1	31.2	31.3	31.4	31.5	31.6	31.7	31.8	31.9	32.0	32.1	32.2	32.3	32.4	32.5	32.6	32.7	32.8	32.9	33.0	33.1	33.2	33.3	33.4	33.5	33.6	33.7	33.8	33.9	34.0	34.1	34.2	34.3	34.4	34.5	34.6	34.7	34.8	34.9	35.0	35.1	35.2	35.3	35.4	35.5	35.6	35.7	35.8	35.9	36.0	36.1	36.2	36.3	36.4	36.5	36.6	36.7	36.8	36.9	37.0	37.1	37.2	37.3	37.4	37.5	37.6	37.7	37.8	37.9	38.0	38.1	38.2	38.3	38.4	38.5	38.6	38.7	38.8	38.9	39.0	39.1	39.2	39.3	39.4

GVK INDUSTRIES LTD

COMPUTATION OF INTEREST ON WORKING CAPITAL

TARGET YEAR BEGINS	10/01/04	10/01/05	10/01/06	10/01/07	10/01/08	10/01/09	10/01/10	10/01/11	10/01/12	10/01/13	10/01/14	10/01/15	TOTAL
TARGET YEAR ENDS	09/30/04	09/30/05	09/30/06	09/30/07	09/30/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14	09/30/15	
FUEL COST	10	53	33	33	53	53	53	53	53	53	53	53	53
O & M EXPENSES	2	14	14	14	14	14	14	14	14	14	14	14	14
INVENTORY OF SPARE	41	41	41	41	41	41	41	41	41	41	41	41	41
RECEIVABLES	10	356	356	356	356	356	356	356	356	356	356	356	356
TOTAL	156	477	477	477	477	477	477	477	477	477	477	477	477
INTEREST (18%)	3	116	116	116	116	116	116	116	116	116	116	116	116

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GVK INDUSTRIES LTD.

COMPUTATION OF DEPRECIATION

	RUPEES IN MILLION																			
	1982-83		1983-84		1984-85		1985-86		1986-87		1987-88		1988-89		1989-90		1990-91		TOTAL	
TABULY YEAR BEGINS	7,674	6,071	4,553	3,415	2,561	1,921	1,441	1,030	810	608	456	342	256	193	144	103	31	51	46	2,674
TABULY YEAR ENDS	1,603	1,515	1,113	854	640	430	300	270	203	152	114	85	64	49	36	27	20	15	13	7,639
GROSS BLOCK (PLANT)	6,071	4,553	3,415	2,561	1,921	1,441	1,030	810	608	456	342	256	193	144	103	81	61	46	34	
DEPRECIATION (10%)	456	446	401	361	325	292	265	237	213	192	173	155	140	126	113	102	92	81	74	245
NET BLOCK	41	41	40	36	33	29	26	24	21	19	17	16	14	13	11	10	9	8	7	
GROSS BLOCK (CIVIL WORKS)	446	401	361	325	292	263	237	213	192	173	155	140	126	113	102	92	83	74	67	
DEPRECIATION (10%)	41	41	40	36	33	29	26	24	21	19	17	16	14	13	11	10	9	8	7	219
NET BLOCK	446	401	361	325	292	263	237	213	192	173	155	140	126	113	102	92	83	74	67	
TOTAL DEPRECIATION	1,644	1,552	1,178	890	673	499	356	294	224	171	131	101	78	61	47	37	29	23	19	9,059
DEPRECIATION	73	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640
ESTIMATION OF FUTURE WORKS																				7,639

ESTIMATION OF PLANT/CIVIL WORKS

	CVT	PLANT	CIVIL	WORKS	TOTAL
PLANT & MACHINERY	6,391	1,101	64	30	7,586
CIVIL WORKS	404	70	4	2	480
TOTAL	6,795	1,171	68	32	8,066

FIDUCIARY
DEBT
TOTAL

1994
2,449
5,712
8,160

[illegible]

11

Supply of Power in Emergency

11. The Company shall, during an Emergency, as soon as possible after receipt of a request from the Board, supply such power as the Project, after the Combined Cycle COD is able to generate consistent with Prudent Utility Practices, provided, however, the Company shall not be obligated to operate beyond the Technical Limits if the Company reasonably believes that as a result of such operation there is a serious likelihood that a Generating Unit may be damaged. If a Scheduled Outage or Maintenance Outage occurs or would occur coincident with an Emergency, the Company, at the Board's sole cost and expense, shall make all reasonable efforts to reschedule the Scheduled Outage or Maintenance Outage or, if the Scheduled Outage or Maintenance Outage has begun, expedite the completion of the work to restore power supply as soon as possible. Nothing contained in this Agreement or the Schedules hereto shall be construed to require the Company to operate any equipment or the Project at any time, including time during an Emergency, in any manner inconsistent with Prudent Utility Practices or the Technical Limits.
12. The Company shall not claim a PLF (including Deemed Generation or Notional Generation) higher than the difference between (a) 100% and (b) the percentage, calculated at the end of the Tariff Year, equal to the generation lost due to the actual Scheduled Outages, Maintenance Outages and Forced Outages (except to the extent Forced Outages result from an Indian Political Event) experienced during such Tariff Year divided by the Installed Capacity multiplied by the number of hours in such Tariff Year.



SCHEDULE D

GOVERNMENT OF INDIA NOTIFICATIONS

THE GAZETTE OF INDIA

EXTRAORDINARY

PART II-Section 3-Sub Section (ii)

PUBLISHED BY AUTHORITY

MINISTRY OF POWER

NOTIFICATION

New Delhi, Tuesday, the March 29, 1994/Chaitra 8, 1916

S.O. 265 (E) : In exercise of the power conferred by *the Electricity (Supply) Act, 1948, (54 of 1948) the Central Government, after consultation with the Central Electricity Authority, hereby makes the following amendments to the notification of the Government of India in the erstwhile Ministry of Power and Non-conventional Energy Sources, Department of Power, No. S.O. 92 (E), dated the 23rd January, 1992, namely:-

In the said notification-

- (a) for the words, figures and letters "statement of accounts commencing on 1st April, 1992", the words, figures and letters "statement of accounts commencing on 1st April, 1994: shall be substituted;
- (b) for the schedule, the following schedule shall be substituted; namely,

TO BE PUBLISHED IN THE GAZETTE OF INDIA

EXTRAORDINARY

PART I-Section I

PUBLISHED BY AUTHORITY

Ministry of Power

RESOLUTION

A-27/94-IPC (Vol-II)

New Delhi, the 6th ^{Nov} October, 1995

1. Need for liquid fuel based power plants

1.1 The Government of India launched the private power policy in October, 1991 to bring in additionality of resources for the capacity addition programme in the electricity sector. Through the Resolution dated 22nd October, 1991 the scope of private sector participation in the Electricity sector was widened allowing private sector units to set up thermal plants- coal/lignite or gas based, hydel projects and wind/solar energy projects of any size. The response to the private power policy of Government of India has been encouraging and several coal/lignite, gas based and hydel projects are coming up. It has, however, been recognized that these projects have a long gestation period and would come on stream only after three to five years. In view of the above, a quick capacity addition would have to be ensured in order to avert a severe power crisis. The Government has, therefore, decid-

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ed to permit private sector units to also set up diesel engine generating (DG) units of reciprocating type and using heavy fuel oils such as, Heavy petroleum stock (HPS) Low Sulphur Heavy Stock (LSHS), Heavy Furnace Oil (HFO), Furnace Oil (FO) and natural gas, wherever, available as primary fuel. No H.S.D. (Diesel) will be permitted as fuel.

2. Norms of Operation:

2.1. The norms of operation and Plant Load Factor would be as laid down by the Central Electricity Authority for the time being, subject to modifications thereof, if any, under Sub Section (2) of Section 43A of the Indian Electricity (Supply) Act, 1948.

3. In-Principle Clearance by CEA:

3.1 Central Electricity Authority has laid down the procedure for obtaining 'In principle' clearance for power projects in the Private Sector vide O.M. No.2/94/Genl/95-PAC, dated 17th August, 1995. In all proposals for power plants based on liquid fuels specified in para 1.1 received from the State Governments/State Electricity Boards/Independent Power Producers (IPPs) by the Central Electricity Authority (CEA) for 'in principle' clearance, the CEA shall evaluate the proposal on the basis of the requirements of the States.

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3.2 Fuel linkage for the project would be recommended to the Ministry of Petroleum & Natural Gas only after 'in principle' clearance of the Central Electricity Authority.

4. Other Conditions

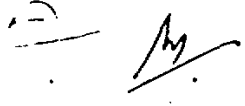
4.1 Power Purchase Agreements (PPAs) in case of diesel engine generating units should be for a maximum period of 15 years.

4.2 Deemed generation for DG units will not be available beyond Plant Load Factor operation norms laid down by the Central Electricity Authority for the time being, subject to modifications thereof, if any under Sub Section (2) of Section 43A of the Indian Electricity (Supply) Act, 1948.

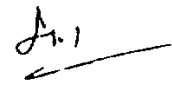
4.3 The responsibility of either indigenous or imported fuel linkage would be that of the Independent Power Producer (IPP) and any fuel supply risks would have to be shared between the IPP/Fuel supplier. The State Electricity Board will not take any fuel supply risk.

4.4 All other conditions laid down in Resolution dated 22nd October, 1991 and tariff notification S.O. No. 251(E) dated 30.3.92 (as amended vide Notification S.O. No. 36 (E), dated 18/19 January, 1994, S.O. No. 605 (E), dated 22nd August, 1994 and S.O. No. 39 (E) dated 13th January, 1995) shall apply in the case of diesel engine generating units as well.

4.5 Captive power plants set up for an industry or group of industries/other consumers, power plants located in proximity







to refineries, coastal and remote locations, and those being set up to look after emergencies of the grid, should be given preference.



(P. Abraham)
Secretary to the Government of India


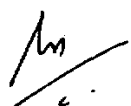
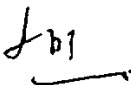
ORDER

Ordered that a copy of the Resolution be communicated to all concerned.

Ordered that the Resolution be published in the Gazette of India for general information.


(P. Abraham)

Secretary to the Government of India

THE GAZETTE OF INDIA
EXTRAORDINARY
PART-II-Section 3 - Sub Section(ii)

GOVERNMENT OF INDIA
MINISTRY OF POWER

NOTIFICATION

New Delhi, the 6th November, 1995

S.O. In exercise of powers conferred by sub-section (2) of section 43A of the Electricity (Supply) Act, 1948 (54 of 1948), the Central Government hereby makes the following amendments in the notification of the Government of India in the erstwhile Ministry of Power and Non-Conventional Energy Sources, Department of Power No.S.O. 251 (E) dated the 30th March, 1992, namely:-

In the said Notification:-

In paragraph 1, - (1) for the words and bracket "(including gas based stations)", the following words and brackets shall be substituted, namely:-

"(Including gas and Naptha based stations)";

(2) In sub-paragraph 1.1, -(a) in clause (iii), for the words "station heat rate for gas based stations", the following words shall be substituted, namely:-

"Station heat rate for gas and Naptha based stations".

(b) in clause V, in sub-clause (b), for the words "Gas based Stations", the following words shall be substituted, namely:-

"Gas and Naptha based stations".

(c) in clause (vi), in sub-clause (b), for the words "open cycle gas station", the following words shall be substituted, namely:-

"Open cycle gas and Naptha based stations".;

(d) in clause (vi), in sub-clause (c) for the words "combined cycle gas station", the following words shall be substituted, namely:

"Combined cycle gas and Naptha based stations".;

(e) In clause (vii), for the words "Gas Units", the following words shall be substituted, namely:-

"Gas and Naptha based units".;

(3) In sub-paragraph 1.6 for the Note, the following Notes shall be substituted, namely:-

"Note:1 - The additional incentive of return on equity of 0.7 per cent for each percentage increase above the normative level of 6000 Kwh/kw/year, mentioned above, shall be the maximum ceiling. It shall be open to the Generating Companies and Boards or other power purchasers to negotiate and fix a suitable lower additional incentive, within the above ceiling.

Note 2:- For Naptha based thermal plants, the extent of backing down, as ordered by Regional Electricity Boards, beyond Plant Load Factor of 5000 Kwh/kw/year, shall not be reckoned as generation achieved for incentive purpose.

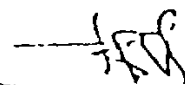
Note:-3 For Diesel Engine generating units the extent of backing down, as ordered by Regional Electricity Boards beyond Plant Load Factor operation norms laid down by the Central Electricity Authority for the time being, subject to modifications, therefore, if any, shall not be reckoned as generation achieved for incentive purpose.";

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(4) In sub-paragraph 1.1, for the word "gas" wherever it occurs, the words "gas or Naptha" shall be substituted.

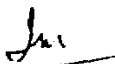
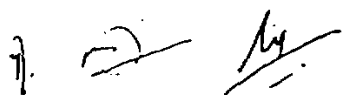


(P. Abraham)

Secretary to the Government of India

F.No.A-27/94-IPC (Vol.II)
Date: 6th November, 1995.

Foot Note: The Principal Notification was published in the Gazette of India, Part II, Sec.3, Sub-section (i), dated 30th March 1992 and subsequently amended by S.O.36 (E) dated 19.1.1994, S.O.605(E) dated 22.8.1994 and S.O. 39(E) dated 13.1.1995.



SCHEDULE E
CAPITAL COST, DEBT AND EQUITY

(Figures in Millions)

	Rupees	Dollars	DM	Total Equivalent Rupees
Capital Cost	3538.67	10.39	229.75	8160

Exchange Rates:

1 DM = Rs. 18.69

1 USS = Rs. 31.50

1 USS = DM 1.69

Note. The Capital Cost Ceiling as used in the definition of Capital Cost set forth in Article 1.1(x) hereof shall equal Rupees 8160 Million (which assumes that the foreign currency amounts set forth in the foregoing table are converted into Rupees at the foreign currency exchange rates set forth above), as adjusted pursuant to the following provisions:

(a) In the event that the actual expenditure for the head of expenditure entitled "Public Issue Expenses" forming part of the Capital Cost Ceiling is less than Rs. 32 million, the Capital Cost Ceiling shall be reduced by the amount of the differential. In the event that the actual expenditure for the head of expenditure entitled "Works Contract Tax" forming part of the Capital Cost Ceiling is less than Rs. 95 million, the Capital Cost Ceiling shall be reduced by the amount of the differential. Except as set forth in the foregoing sentences of this clause (a), for each of the heads of expenditure the estimated

expenditure amounts comprising the Capital Cost Ceiling are indicative only and shall not amount to a ceiling on the actual expenditure incurred with respect to the such heads of expenditure, subject to the sum of the actual expenditure for all heads being less than or equal to the Capital Cost Ceiling.

(b) The Capital Cost Ceiling shall be adjusted in accordance with this clause (b) to account for the actual Rupee liability of the Company for customs duty payable on the import of equipment for the construction of the Project. At the time of the final approval of the Capital Cost by the Authority following the Combined Cycle COD, the Company shall compute the difference between (i) the Rupee amount actually paid by the Company for such customs duty minus (ii) Rs. 779.9 million. If such difference is a positive number the Capital Cost Ceiling shall be increased by the amount of the difference and, if such difference is a negative number the Capital Cost Ceiling shall be decreased by the amount of the difference.



G V K INDUSTRIES LTD

MEANS OF FINANCE -- CEA

Note: The amounts for Debt and Equity set forth in this Schedule E are indicative amounts and such amounts shall be revised upon the approval by the Authority of the financial package for the Project to equal the amounts approved by the Authority.

h

GVK INDUSTRIES LTD

DEBT
AS REFERRED TO IN ARTICLE 1.1(xvi)

Figures in Millions


	LOANS			
	FOREIGN CURRENCY			INDIAN---
	DM	JPY	US\$	RS
IDBI	-	3240.12	-	-
IFCI	38.18	-	-	-
ICICI	-	-	14.64	-
SCICI	-	-	7.77	-
IDBI, IFCI, ICICI, SCICI, IRBI, UTI, LIC				941.80
IFI-SUB TOTAL (A)	38.18	3240.12	22.41	941.80
IFC(A)	-	-	30.00	-
IFC(B)	65.00	-	-	-
NIB	16.00	-	-	-
FFI-SUB TOTAL (B)	81.00	-	30.00	-
TOTAL (A+B)	119.18	3240.12	52.41	941.80

GVK INDUSTRIES LTD

EQUITY
AS REFERRED TO IN ARTICLE 1.1(xxvi)

Figures in Millions

	PERCENT	FOREIGN	FOREIGN	INDIAN
		DM	US\$	RS
GVK GROUP	26.50	7.50	8.94	227.00
ABB	5.00	-	3.89	-
APSEB	10.00	-	-	244.80
CMS	18.75	-	14.57	-
AIF	4.75	-	3.69	-
IFC(W)	10.00	-	7.77	-
FFI,FC,IFORJ,NRI, OCB,PUBLIC	25.00	-	-	612.00
TOTAL	100.00	7.50	38.86	1083.80





MODEL CALCULATION FOR DETERMINATION OF CAPITAL COST

All figures in Crores of Rupees

1. Completed Capital Cost

Capital Cost Ceiling as per PPA	x
In case completed capital cost exceeds the ceiling cost, excess cost allowed by the Authority	a
In case completed capital cost is less than the ceiling cost, the amount of the cost underrun as approved by the Authority	b
Completed capital cost	$y = (x+a) \text{ or } (x-b)$ whichever is applicable

2. Capital Cost reduction of shortfall in capacity

Rated Capacity	216 MW
Tested Capacity	210 MW
Shortfall in capacity	6 MW
LD and compensation received from Project construction contractor	c
Pro rata reduction	$y \times (6/216)$ = d
Cost reduction	e = c or d whichever is higher

3. Capital Cost reduction for time delay

LD received from Project construction contractor	f
Principal repaid	h
Commitment fees and other costs	i

Payment to APSEB
So surplus is available
If k is negative it shall be reckoned
as zero
Capital cost reduction

$$k = f - (h + i + j)$$

$$h + k$$

4. Capital Cost reduction for any
excess insurance proceeds received
by the Company

$$l$$

5. Capital Cost for tariff calculations

$$y - (e + h + k + l)$$

ms

1/2

Sample calculations for Plant Load Factor (PLF) for a
Tariff Year (upto third decimal place)

$$PLF = \frac{(\text{Net Electrical Energy} + \text{Deemed/Notional Generation} + \text{Auxiliary Consumption})}{(\text{Installed Capacity})}$$

Case (A) : where PLF is greater than 68.5% (After stabilization period under CCCOD)

Assumptions:

A = Net Electrical Energy delivered	=	1250	Million KWH
B = Mis-declaration as per Article 2.6	=	25	Million KWH
C = Penalties for Mis-declaration = 2xB	=	50	Million KWH
D = Deemed Generation	=	150	Million KWH
E = Notional Generation	=	125	Million KWH
F = Auxiliary Consumption = 0.031x(A+D-C)	=	41.85	Million KWH
G = Installed Capacity = 216 x 24 x 365	=	1892.16	Million KWH

I. PLF calculations for disincentives (Article 3.10.1)

$$PLF_1 = \frac{(A-C)+D+F}{G} = \frac{(1250-50)+150+41.85}{1892.16}$$

$$= \frac{1391.85 \text{ Mil. KWH}}{1892.16 \text{ Mil. KWH}} = 0.73559 \times 100 = 73.559\%$$

Since PLF_1 is greater than 68.5% there will be no disincentives for this tariff year.

II. PLF calculations for Incentives (Article 3.10.2)

$$PLF_2 = \frac{(A-C)+E+F}{G} = \frac{(1250-50)+125+41.85}{1892.16}$$

$$= \frac{1366.85 \text{ Mil. KWH}}{1892.16 \text{ Mil. KWH}} = 0.72238 \times 100 = 72.238\%$$

Since PLF_2 is greater than 68.5% incentives are payable as per Article 3.10.2.

Case (B) : where PLF is less than 68.5% (After stabilization period under CCCOD)

Assumptions:

A = Net Electrical Energy delivered	=	1000	Million KWH
B = Mis-declaration as per Article 2.6	=	25	Million KWH
C = Penalties for Mis-declaration = 2xB	=	50	Million KWH
D = Deemed Generation	=	150	Million KWH
E = Notional Generation	=	125	Million KWH
F = Auxiliary Consumption = 0.031x(A+D-C)	=	34.1	Million KWH
G = Installed Capacity = 216 x 24 x 365	=	1892.16	Million KWH

I. PLF calculations for disincentives (Article 3.10.1)

$$PLF_1 = \frac{(A-C)+D+F}{G} = \frac{(1000-50)+150+34.1}{1892.16}$$

$$= \frac{1134.1}{1892.16} = 0.59937 \times 100 = 59.937\%$$

Since PLF_1 is less than 68.5% there will be disincentives for the tariff year as per Article 3.10.1 and proportionate adjusted fixed charge is payable.

II. PLF calculations for incentives (Article 3.10.2)

$$PLF_2 = \frac{(A-C)+E+F}{G} = \frac{(1000-50)+125+34.1}{1892.16}$$

$$= \frac{1109.1}{1892.16} = 0.58616 \times 100 = 58.616\%$$

Since PLF_2 is less than 68.5% there will be no incentive for the Tariff Year.

Am

SCHEDULE-F
PROJECT TESTING PROCEDURE

General: The Company shall conduct acceptance and characteristics tests as described below. Provisional Performance Acceptance test for the Combustion Turbines (Open Cycle) as well as the Final Performance Acceptance Test for the Combined Cycle project shall be conducted as part of the Construction Contract.

1. Performance Acceptance Test for Combustion Turbine - Shall be the basis for demonstrating the gross generation capacity of each combustion turbine ("Provisional Performance Acceptance" of the relevant Generating Unit).

1.1 Combustion Turbine Gross Generation Capacity Test Procedure.

1.1.1 The tests shall be conducted in accordance with standard international test codes and practices and include applicable sections of various codes as on date of signing of Construction Contract. The codes to be used in determining gross generation capacity will be the following:

1. Gas Turbine acceptance test
ANSI/ASME PTC 22(1985)/ ISO 2314(1989)
2. Measurement Uncertainty
ASME PTC 19.1 (1985)

1.1.2 The Board shall have the right to participate in the tests in the capacity of observers, and the observers will have the opportunity to check that the tests are being performed in accordance with the agreed test procedures.

1.1.3 All required instrumentation shall be properly calibrated and installed to predefined international standards.

1.2 Site Reference Conditions. The gross generation capacity is related to the following conditions:

Fuel

: Natural Gas/
Naphtha/Mixed Fuel
GT#1 and GT#2 will be
tested on Natural Gas
and GT#3 on Naphtha,
for provisional
performance test.
However, all 3 Gas
Turbines will be
tested on Natural
Gas/Naphtha and mixed
fuel before final
performance
acceptance test.

Ambient Temperature (Dry bulb)	: 29°C
Absolute Atmospheric pressure	: 1013 mbar
GT Intake Pressure Loss	: 10 mbar
GT Exhaust Pressure Loss	: 10 mbar
Power Factor	: 0.85
Frequency	: 50 Hz
Load Factor	: Base Load
Humidity	: 70%

Note: Correction curves from the above parameters shall be as per the attached list. Available correction curves are attached. The remainder of the correction curves will be provided prior to testing.

2. Performance Acceptance Test for Combined Cycle Project - shall be the basis for establishing the demonstrated gross generation capacity of 216 MW of the combined cycle project for the purpose of (i) the provisional performance acceptance of the Project by the Company from the construction contractor for the Project ("Provisional Performance Acceptance of the Project") and (ii) the final performance acceptance of the Project by the Company from the construction contractor for the Project ("Final Performance Acceptance of the Project").

2.1 General Gross Generation Capacity Test Procedure.

2.1.1 The tests shall be conducted in accordance with standard international test codes and practices and include applicable sections of various codes as on date of signing of Construction Contract. The codes to be used in determining gross generation capacity will be the following.

1. Gas Turbine acceptance test
ANSI/ASME PTC 22(1985)/ ISO 2314 (1989)
2. Performance Test Code (PTC) Steam turbine
ASME PTC 6 (Reaff. 1982)/DIN 1943 (1975)
3. PTC GT Heat Recovery steam generator
ASME PTC 4.4 (1981).DIN 1942 (1979)
ASME PT 6 Report (Reaff. 1973)
4. Measurement Uncertainty
ASME PTC 19.1 (1985)

2.1.2 The Board shall have the right to participate in the tests in the capacity of observers, and the observers will have the opportunity to check that the tests are being performed in accordance with the agreed test procedures.

2.1.3 All required instrumentation shall be properly calibrated and installed to predefined international standards.

2.2 Site Reference Conditions. The gross generation capacity is related to the following conditions:

Fuel: Natural gas for two of the combustion turbines and mixed fuel (about 24% natural gas and 76% naphtha in terms of total heat input) for the third combustion turbine.

Ambient Temperature (Dry bulb):	29C
Relative Air Humidity:	70%
Absolute Atmospheric pressure:	1013 mbar
GT Intake Pressure Loss:	10 mbar
Exhaust Pressure Loss for Combined Cycle:	30 mbar
Cooling Water Inlet Temperature:	25C
Power Factor:	0.85
Frequency:	50 Hz
Load Factor:	Base Load
Water Injection:	3.726 Kg/sec in one combustion turbine using naphtha

Note: Correction curves from the above parameters shall be as per the attached list. Available correction curves are attached. The remainder of the correction curves will be provided prior to testing.

3. Electrical System Characteristics Test. Shall demonstrate the Project's ability to operate within the limits of the electrical system characteristics of Exhibit A. Electrical System Characteristics shall be deemed to be achieved in case of:

a) Voltage, provided the Project operates within the voltage levels described in Exhibit A for the duration of the acceptance test. If during the test, voltage tests cannot be performed due to APSEB constraints, data supplied from tests of the generators and the generator step-up transformers supplied by the manufacturers shall be used to establish the ability of the Project to operate within the specified voltage limits.

b) Grid Frequency, provided the Project operates within the frequency level described in Exhibit A for the duration of the acceptance test.

c) Power Factor, provided the Project operates within the power factor range described in Exhibit A for the duration of the acceptance test. If during the acceptance test, power factor tests cannot be performed due to APSEB constraints, data supplied from tests of the generators and the generator step-up transformers supplied by the manufacturers shall be used to establish the ability of the Project to operate within the specified voltage limits.

4. Project Characteristics Tests. Not later than 180 days after the Commercial Operation Date the Company will conduct Project Characteristics Tests. Such tests may, at the Company's option be conducted, as applicable, concurrently with the acceptance tests. The Project characteristics tests shall be conducted as described for the following characteristics in Exhibit A.

Load Changes at Power. The open cycle and combined cycle ramp rates consistent with the Technical Limits. It is anticipated that the unloading rate will be higher than the loading rate. The data provided in Exhibit A are accurate within a range of +/-20% of stated value.

5. Emission Level. The following emission levels will be met down to load factor of 50% of the respective combustion turbine unit.

a) Nox at operation with natural gas as specified: 40 vppm at 15% O₂

b) Nox at operation with naphtha as specified with water injection or mixed fuel operation with naphtha and natural gas with water injection: 50 vppm at 15% O₂

6. Sound pressure level. The sound pressure level of the gas turbine generation sets, HRSG and steam turbine with auxiliaries will not exceed 85 dB (A) at 1.5 m distance (near field) and 65 dB (A) at 120 m distance from the outline of all noise radiating units in the Facility site (far field) and at a height of 1.5 m above ground.

7. Liquid effluent. The liquid effluents shall be treated to the Inland Surface Water Standards laid down in IS:2490 (Part-1) 1981 2nd revision, as stipulated by Andhra Pradesh Pollution Control Board. The treated water will be used for the green belt of the Project.

8. Notice of Results. Company and APSEB shall submit written notices with respect to the above tests.

CORRECTION CURVE LIST FOR OPEN CYCLE TESTING:

1. Ambient Pressure Correction Curve - If applicable, will be furnished at the time of test.
2. Inlet and Outlet GT Pressure Loss Correction Curve - HTCT 71475 - Enclosed
3. Ambient Temperature Correction Curve - H71469-1 - Enclosed
4. Frequency Correction Curve - HTCT 71646 - Enclosed
5. Humidity Correction Curve - HTCT 675040 - Enclosed

CORRECTION CURVES LIST FOR COMBINED CYCLE TESTING

1. Ambient Pressure Correction Curve* - If applicable, will be furnished at the time of test.
2. Inlet and Outlet GT Pressure Loss Correction Curve* - HTCT 71475 - Enclosed
3. Ambient Temperature for steam turbine will be furnished later
4. Frequency-Will be furnished at the time of test.
5. Humidity Correction Curve-HTCT 675040* - Enclosed
6. Cooling Water Temperature for Steam Turbine - Will be furnished at the time of test.
7. Steam turbine output correction curve for variations in inlet and outlet GT pressure loss, if applicable, will be furnished at the time of the test.
8. Ambient Temperature for the facility will be provided at the time of the test.

* Correction will be applied only to combustion turbines.

[Signature]

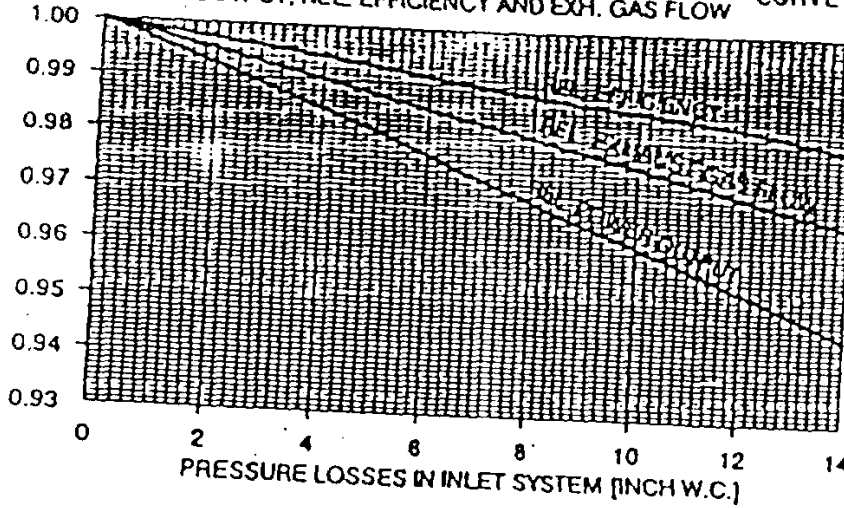
[Signature]

ABB

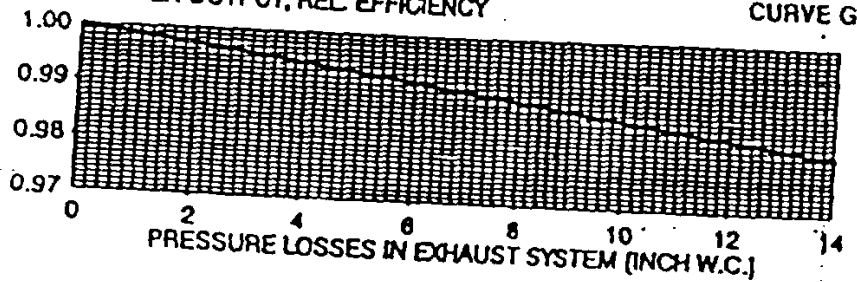
ABB GAS TURBINE 4C
POWER OUTPUT, EFFICIENCY AND EXHAUST FLOW
CORRECTION FOR PRESSURE LOSSES

Case

REL. POWER OUTPUT, REL. EFFICIENCY AND EXH. GAS FLOW CURVE F



REL. POWER OUTPUT, REL. EFFICIENCY CURVE G



Revised:	92-07-22 LATIMOVIC	3	On order:	10-CT 3	Rev. 4/92	Approved	Page	No. of pages
Checked 1:	92-07-22 REYSEB	3	Rev. 4/92:		E	4	2	2
Checked 2:	92-07-22 KREITMEIER	3	On order:					
Reviewed:	92-07-22 LUKIC	3	Preparation:					

HTCT.71475

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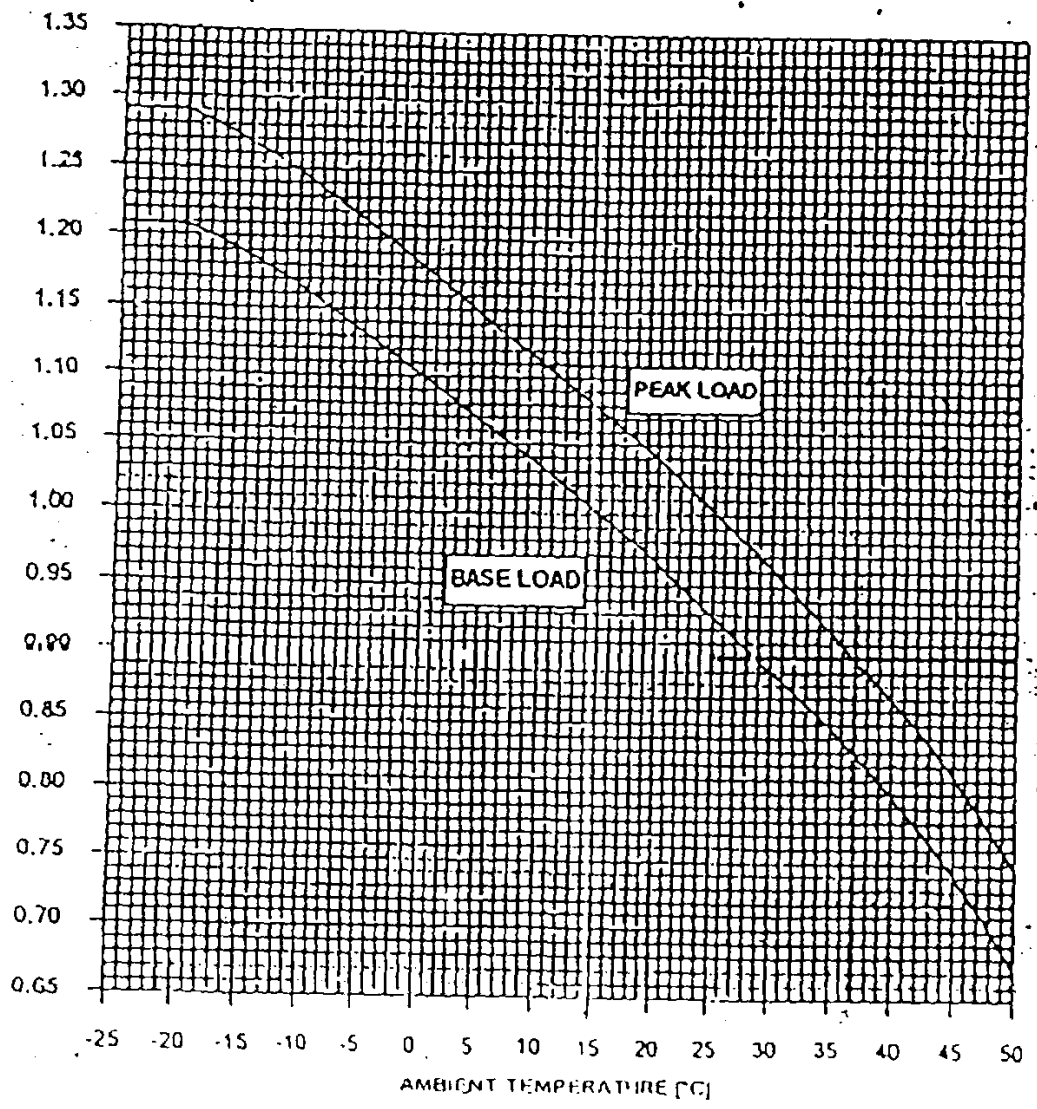
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ABB GAS TURBINE GT 8C EV
 RELATIVE POWER OUTPUT CORRECTION FOR
 AMBIENT TEMPERATURE AT BASE AND PEAK LOAD

(3)

REL. POWER OUTPUT

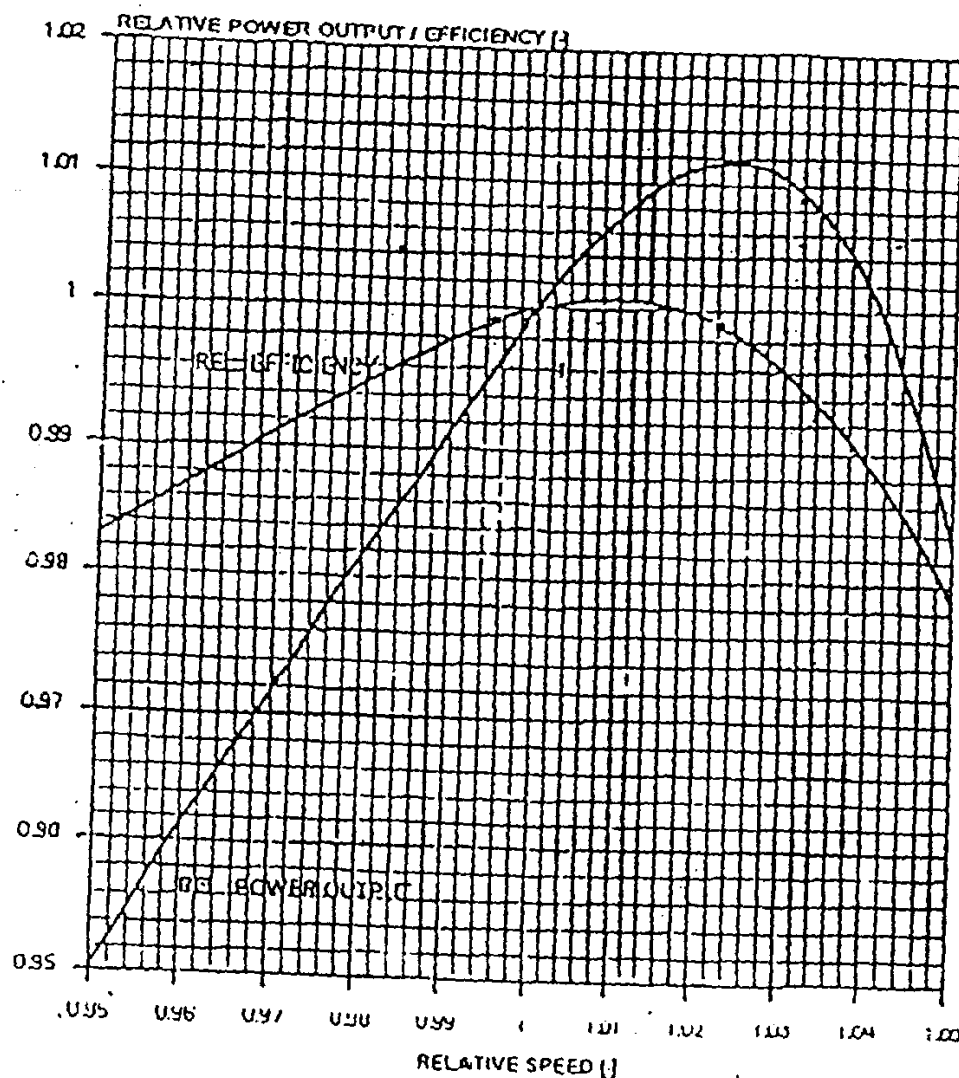


NOTES:

1. Only valid for gas & oil operation with EV burner.
2. Only valid for dry operation.
3. Gas dry emissions at ISO conditions per HFGT 71-92
4. Output limit at generator terminals is 65.8 MW
5. $\Delta P_{inlet} = 0$, $\Delta P_{outlet} = 0$

ABB		ABB Power Generation Ltd		HTGT 71040	
KWGT 11		Date		Work Order	
93-12-01 KOMIATAS		93-12-01 STADLER		93-12-01 REYSER TRUFLI	
E		E		7/1	

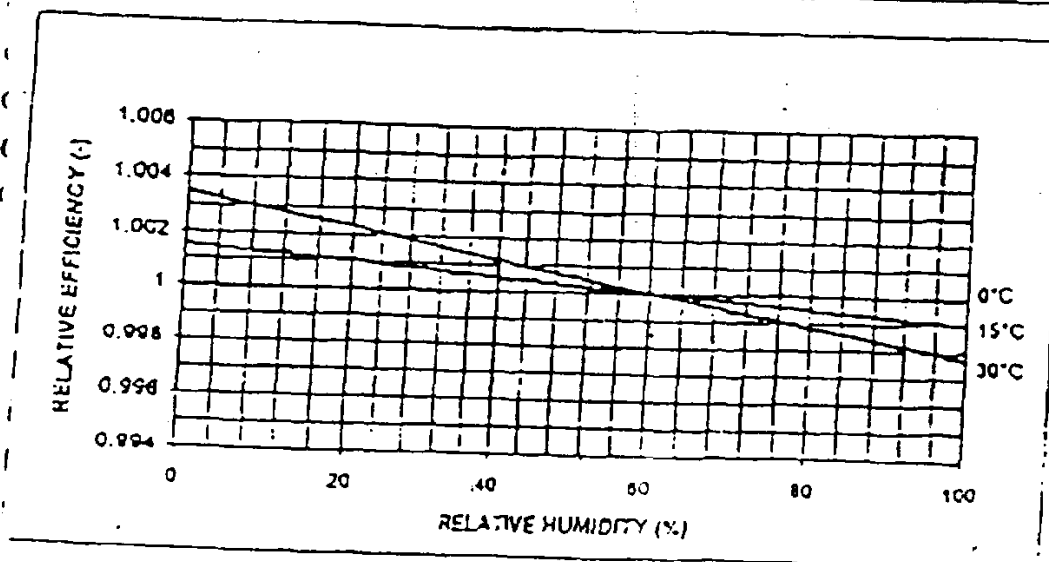
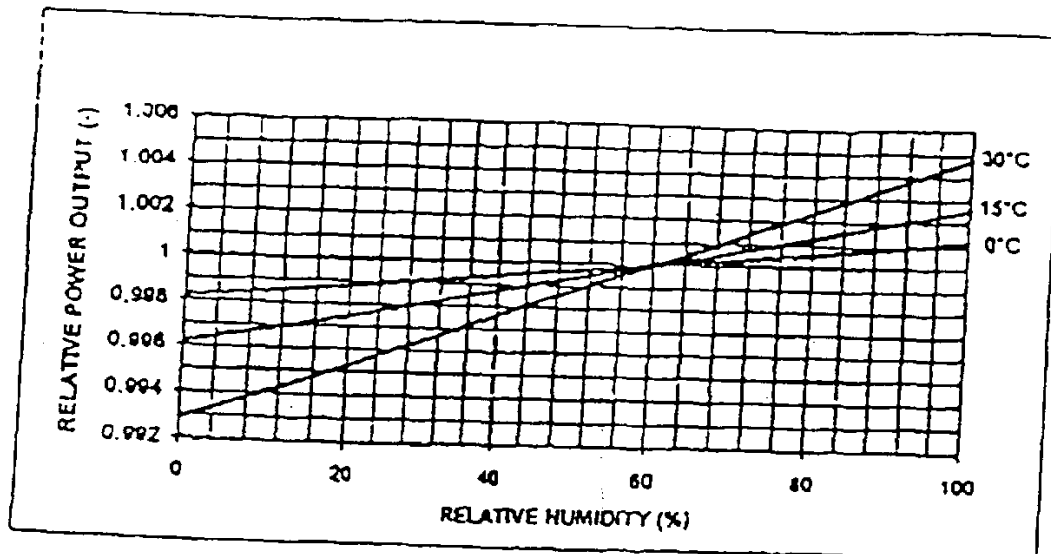
ABB GAS TURBINE 8C RELATIVE POWER OUTPUT AND RELATIVE EFFICIENCY VS. RELATIVE SPEED



ISO-CONDITIONS

ABB		ABB Power Generation Ltd		HTCT 875040
KVA	KW	KW	KW	KW
0.01-1.5 NAHCOG <i>LiW</i>	BRAUN <i>B</i>	MAGSTRCEM <i>SK</i>		
				2'00-01

ABB GAS TURBINE GT 8C- EV
RELATIVE POWER AND EFFICIENCY CORRECTION FOR
RELATIVE HUMIDITY AT BASELOAD



VALID FOR GAS AND OIL OPERATION

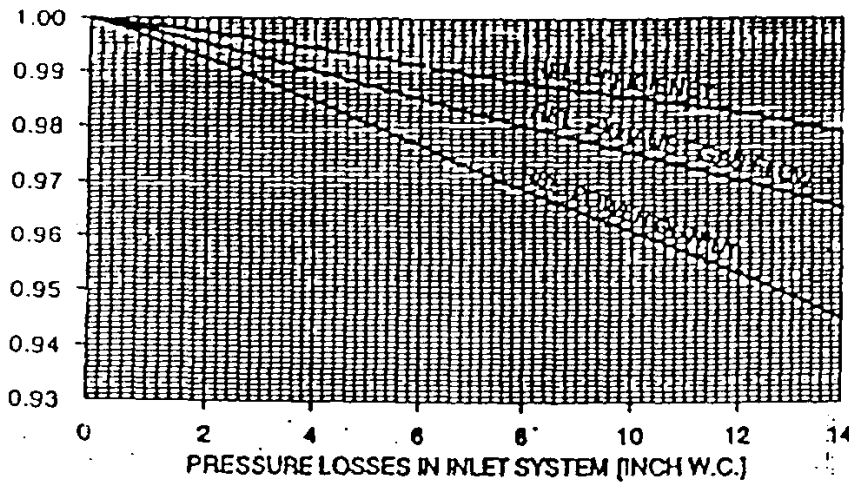
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ABB GAS TURBINE 8C
POWER OUTPUT, EFFICIENCY AND EXHAUST FLOW
CORRECTION FOR PRESSURE LOSSES

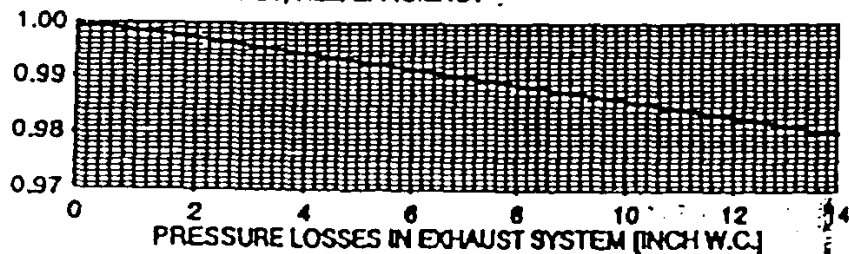
REL. POWER OUTPUT, REL. EFFICIENCY AND EXH. GAS FLOW

CURVE F



REL. POWER OUTPUT, REL. EFFICIENCY

CURVE G



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Released:	92-07-22 104.16	Replanning						

HTCT.71475

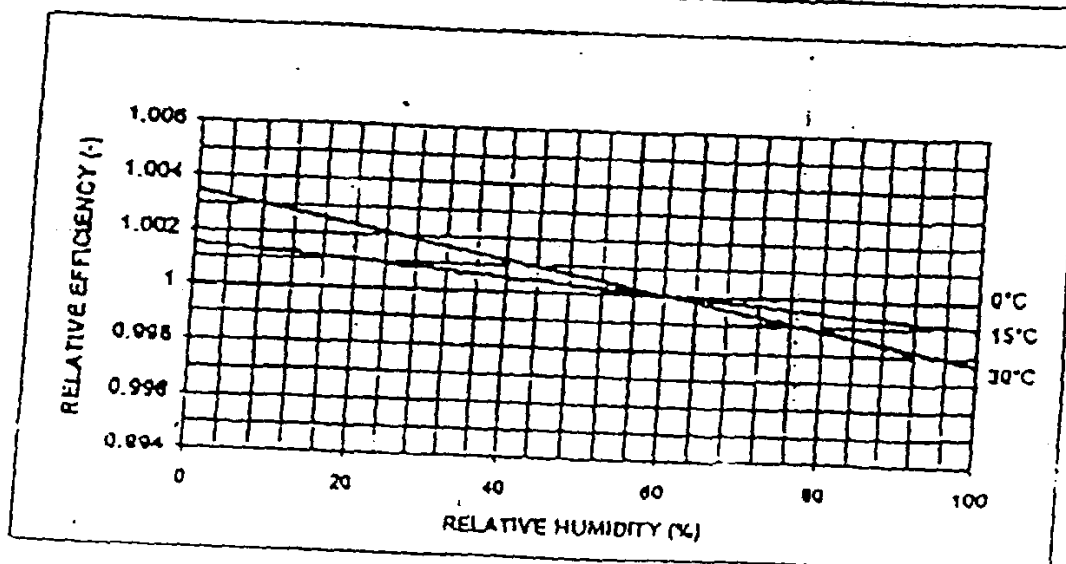
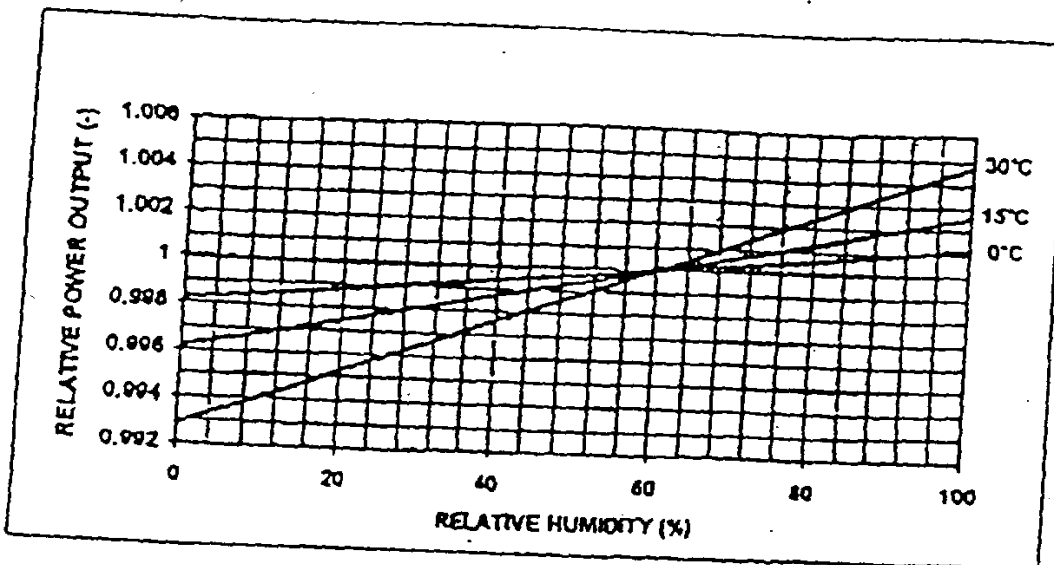
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(6)

ABB		ABB Power Generation Ltd		HTCT 873040	
KVA	KVOT	WATERGAS	WATERGAS	WATERGAS	WATERGAS
06.01.13 WALWOOD	BRALM	MAGSTRCEM			
					1/1
					918C-01

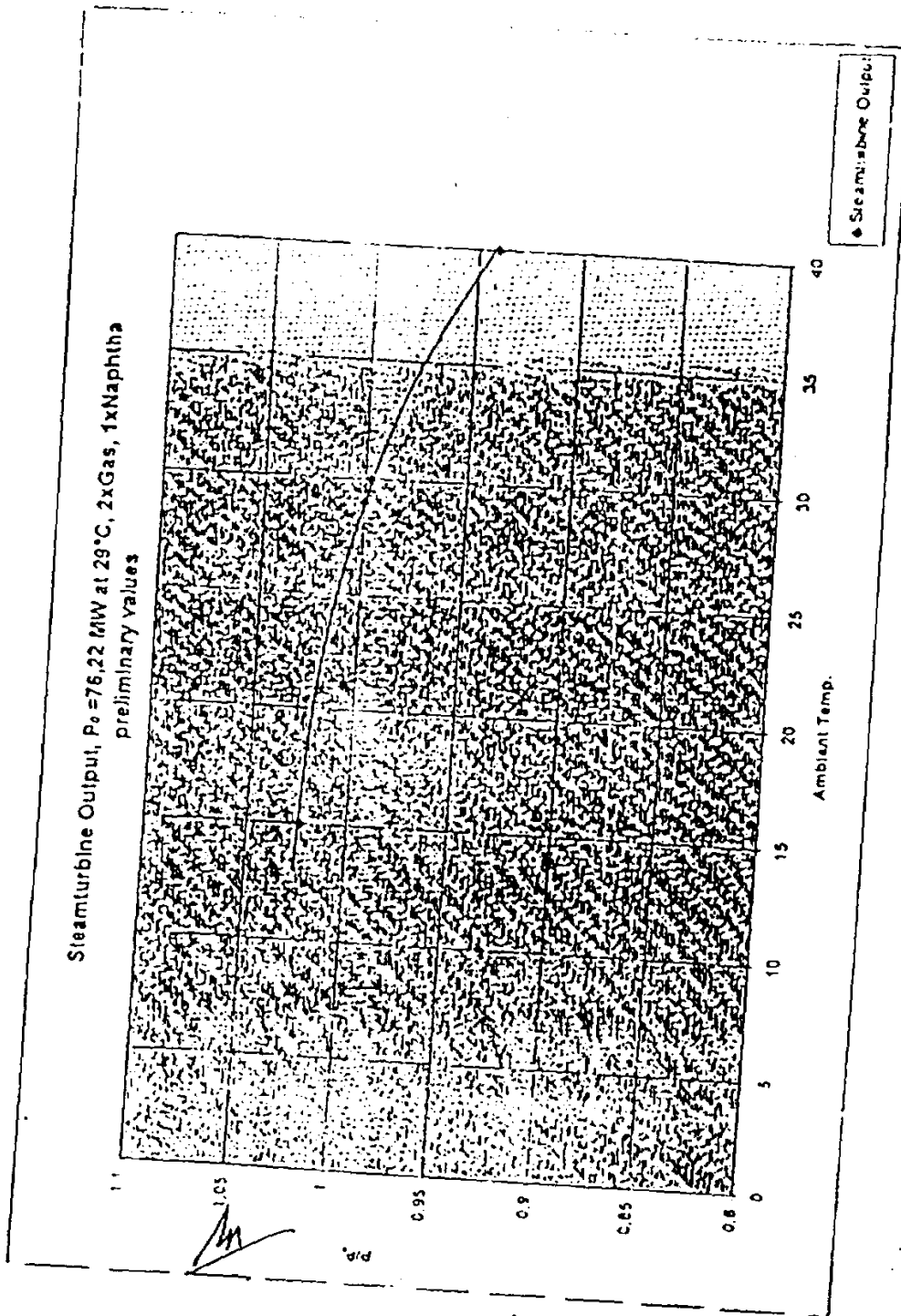
ABB GAS TURBINE GT 8C-EV
RELATIVE POWER AND EFFICIENCY CORRECTION FOR
RELATIVE HUMIDITY AT BASELOAD



VALID FOR GAS AND OIL OPERATION

27-01-1990

GVN Jegunupadu 235 MW CCPP



261

KW/GA4, Peters

Date: 10-11-2019

GVK INDUSTRIES LIMITED

JEGURUPADU POWER PROJECT

COMPUTATION OF TARIFF

071 071 071 071
071 071 071 071
071 071 071 071

GYAL INDUSTRIES LTD

LIST OF ASSUMPTIONS

- 1 CASE - 1
- 2 CASE - 2
- 3 INSTALLED CAPACITY
- 4 STATION HEAT RATE
- 5 FUEL PRICE
NATURAL GAS : Rs 2116/- PER 1000 CUM
NAPHTHIA : Rs 3600/- PER MT
NATURAL GAS : 9131 PER CUM
NAPHTHIA : 11150 PER KO
18 DURING OPEN CYCLE & 38 DURING COMBINED CYCLE PLUS 0.38 EXTRA DURING STARTUP/SHUTDOWN
NO DEBATEION
28 ON CAPITAL COST
18 ON CAPITAL COST
CONSIDERED AT ACTUALS
0.07M P.A. AS PER B.S. ACT ON NOTIFICATION NO 308H(DATED)23.01.92 AS REVISED ON 29.03.94
10% P.A. (SUBJECT TO BEING AT THE PRIME LENDING RATE OF 18% AT THAT POINT OF TIME)
1/12 OF FUEL COST OF NAPHTHIA MULTIPLIED BY 0.3 (ONE-HALF OF 1 MONTH) AVERAGE FUEL CONSUMPTION
SUBJECT TO ACTUAL FUEL STOCK RELATABLE TO 61.38 PLF.
1/12 OF 0.8 M EXPENSES
18 OF CAPITAL COST LESS 1/3 OF THE SPARES PROCURED INITIALLY FOR THE FIRST 3 YEARS.
THE EXCEPT AT 18 OF CAPITAL COST INITIAL SPARES AS 199.8 MIL.
BASED ON REVENABLES UP TO 41.38 PLF
PLF > 41.3 : 0.313% FOR EVERY 1% INCREASE IN PLF ABOVE 41.38
16.5 P.A. ON EQUITY CAPITAL
48% ON TAXABLE PROFITS
21% CRORES
US \$ 1 - RS 31.30
DM 1 - RS 16.49
JPY 1 - RS 25.28
21.25 OF CAPITAL COST FOR GTD
21.25 OF CAPITAL COST FOR GTD
21.45 OF CAPITAL COST FOR GTD
33% OF CAPITAL COST FOR GTD
GTD AND GTD CANNOT BE OPERATED BY USING 100% NAPHTHIA AS THE DEMINERALISED PLANT IS NOT
LIKELY TO BE COMMISSIONED BY THE TIME GTD AND GTD COME INTO OPERATION. THE DEMINERALISED
PLANT IS LIKELY TO BE COMMISSIONED BY THE TIME GTD COME INTO OPERATION
GTD - 01.10.94 : TOTAL PLANT 10 MONTHS
GTG - 01.12.94 :
GTG - 01.07.95 :
GTG - 01.10.95 :
11 ON 96
- 6 GROSS CALORIFIC VALUE
- 7 AUXILIARY CONSUMPTION
- 8 DEGRATION
- 9 O & M EXPENSES
- 10 INSURANCE
- 11 INTEREST ON TERM LOANS
- 12 DEPRECIATION
- 13 INTEREST ON WORKING CAPITAL
- 14 WORKING CAPITAL
a) FUEL COST
b) O & M EXPENSES
c) INVENTORY OF SPARES
d) RECEIVABLES
e) INCENTIVE
15 RETURN ON EQUITY
17 TAX
18 CAPITAL COST
19 EXCHANGE RATES CONSIDERED
20 APPROPRIATION UNDER SIMPLE CYCLE
21 COMMERCIAL OPERATION DATES
22 FINANCIAL CLOSING.

GYK INDUSTRIES LTD

TARIFF VARIABLES		CASE 1												TOTAL	
MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL	MONTHLY	ANNUAL
INSTALLED CAPACITY (KW)															
216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0
WT AVG INSTALLED CAPACITY (KW)															
140.5	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0
PLF (%)															
68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5
UNITS OPERATED (MIL KW-H)															
340	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296
UNITS SOLD (MIL KW-H)															
324	1237	1237	1237	1237	1237	1237	1237	1237	1237	1237	1237	1237	1237	1237	1237
VARIABLE CHARGES															
FUEL COST															
377	626	626	626	626	626	626	626	626	626	626	626	626	626	626	626
OTHER CHARGES															
O & M EXPENSES															
70	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163
INSURANCE															
35	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82
INTEREST ON TERM LOANS															
192	431	431	431	431	431	431	431	431	431	431	431	431	431	431	431
INTEREST ON WORKING CAPITAL															
21	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85
DEPRECIATION															
216	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640
RETURN ON EQUITY															
169	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392
TAXES															
TOTAL SALES															
1,141	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522
FIXED COST PER KW-H															
1.26	1.32	1.47	1.41	1.35	1.29	1.24	1.39	1.45	1.43	1.71	1.77	0.77	0.78	0.79	0.79
VARIABLE COST PER KW-H															
0.66	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
TOTAL COST PER KW-H															
2.04	2.01	1.96	1.90	1.85	1.79	1.74	1.89	1.95	1.93	2.21	2.27	1.27	1.28	1.29	1.29
WATER FACTORS (1/10)															
0.000	1.000	0.870	0.760	0.710	0.640	0.560	0.500	0.430	0.400	0.360	0.320	0.280	0.250	0.230	0.210
REMARKS															

TABUET YEAR BEGINS
TABUET YEAR ENDS

DATE	INITIALS	REMARKS	DATE	INITIALS	REMARKS
1967			1967		
1968			1968		
1969			1969		
1970			1970		
1971			1971		
1972			1972		
1973			1973		
1974			1974		
1975			1975		
1976			1976		
1977			1977		
1978			1978		
1979			1979		
1980			1980		
1981			1981		
1982			1982		
1983			1983		
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2014			2014		
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2016			2016		
2017			2017		
2018			2018		
2019			2019		
2020			2020		
2021			2021		
2022			2022		
2023			2023		
2024			2024		
2025			2025		
2026			2026		
2027			2027		
2028			2028		
2029			2029		
2030			2030		
2031			2031		
2032			2032		
2033			2033		
2034			2034		
2035			2035		
2036			2036		
2037			2037		
2038			2038		
2039			2039		
2040			2040		
2041			2041		
2042			2042		
2043			2043		
2044			2044		
2045			2045		
2046			2046		
2047			2047		
2048			2048		
2049			2049		
2050			2050		
2051			2051		
2052			205		

4.

COMPUTATION OF TARIFF / PIF 909 :

21

10/15/1974

GVK INDUSTRIES LTD.
COMPUTATION OF TARIFF (PIF - 48.5%)
CASE 2

TARIFF YEAR BEGINS
TARIFF YEAR ENDS

INSTALL	CAPACITY (MW)	WT AVG INSTALLED CAPACITY (M)	PIF (%)	UNITS GENERATED (MILL. KWH)	UNITS W/OUT (MILL. KWH)	VARIABLE CHARGES	FUEL COST	FIXED CHARGES	O & M EXPENSES	INSURANCE	INTEREST ON TERM LOANS	INTEREST ON WORKING CAPITAL	DEPRECIATION	RETURN ON EQUITY	INCENTIVE	TAXATION	TOTAL SALES	FIXED COST PER KWH	VARIABLE COST PER KWH	COST PER KWH	PF FACTORS (1.25)	PRESENT VALUE	NET GT AND GT GROUP AT 10% DISCOUNT RATE	PIF 48.5% DISCOUNT RATE	NET GT AND GT GROUP AT 10% DISCOUNT RATE	PIF 48.5% DISCOUNT RATE	NET GT AND GT GROUP AT 10% DISCOUNT RATE	PIF 48.5% DISCOUNT RATE
216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0
100.5	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0
18.0	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5	68.5
127	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296	1296
746	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257	1257
211	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280
19	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163
9	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82
50	543	481	409	337	266	196	132	69	20	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	116	114	112	110	115	113	114	121	120	131	143	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145	145
73	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640
41	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392
409	3,216	3,152	3,078	3,003	2,937	2,863	2,797	2,731	2,665	2,600	2,534	2,468	2,403	2,337	2,271	2,206	2,140	2,074	2,009	1,943	1,878	1,812	1,747	1,681	1,616	1,550	1,485	1,419
136	134	148	143	137	132	126	120	114	108	102	96	90	84	78	72	66	60	54	48	42	36	30	24	18	12	6	0	0
143	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102	102
281	276	251	245	239	234	228	223	217	211	205	199	193	187	181	175	169	163	157	151	145	139	133	127	121	115	109	103	97
0.070	1.000	0.899	0.797	0.712	0.636	0.567	0.507	0.452	0.400	0.361	0.322	0.287	0.255	0.226	0.199	0.174	0.150	0.127	0.105	0.084	0.064	0.045	0.027	0.010	0.000	0.000	0.000	0.000
0.07	2.56	2.29	1.95	1.70	1.48	1.29	1.17	1.13	1.00	0.90	1.01	0.82	0.65	0.51	0.42	0.34	0.28	0.23	0.18	0.14	0.10	0.07	0.04	0.02	0.01	0.00	0.00	0.00

10/15/1974

GVK INDUSTRIES LTD
COMPUTATION OF FUEL COST

FINANCIAL CLOSING : 01 JUNE 1996
GTG 1 -- 6 MONTHS FROM FINANCIAL CLOSING (01.12.96)
GTG 2 -- 8 MONTHS FROM FINANCIAL CLOSING (01.02.97)
GTG 3 -- 10 MONTHS FROM FINANCIAL CLOSING (01.04.97)
STG -- 16 MONTHS FROM FINANCIAL CLOSING (01.10.97)

VARIABLE CHARGES -- FUEL

STATION HEAT RATE :
--FOR OPEN CYCLE
--FOR COMBINED CYCLE

PRIMARY FUEL

GROSS CALORIFIC VALUE (K Cal / M3)

PRICE (RUPEES)

OPEN CYCLE CONSUMPTION PER Kwh (SHR/GCV)

COMBINED CYCLE CONSUMPTION PER Kwh (SHR/GCV)

OPEN CYCLE COST PER Kwh

COMBINED CYCLE COST PER Kwh

2900 K Cal/Kwh
2000 K Cal/Kwh

	GAS	NAPTILA
	9121	11340
	(PER CUM)	(PER K G)
	2116	5600
	(PER 1000 CUM)	(PER MT)
	0.31795	0.25573
	(CUM)	(KG)
	0.21927	0.17637
	(CUM)	(K G)
	0.67	1.43
	0.46	0.99

BY AIR MAIL TO THE UNITED STATES OF AMERICA
TARIFF YEAR (1ST DECEMBER 1996 - 30TH SEPTEMBER 1997)

AMBIENT TEMPERATURE (DEGREES CENTIGRADE)

GTG 1 (01.12.96)

GTG 2 (01.01.97)

GTG 3 (01.04.97)

TOTAL

AUXILIARY CONSUMPTION
UNITS FOR SALE

PERIOD DAYS	PERIOD TOTAL UNITS MIL KWH	INSTALLED PLANT LOAD CAPACITY MVA	PLANT LOAD FACTOR %
90	67.8	45.8	68.5
215	161.6	45.8	68.5
90	67.8	45.8	68.5
152	115.2	48.9	68.5
90	72.2	48.9	68.5
93	71.4	140.5	68.5
	559.7		
	56		
	554.1		

INITIAL TARIFF YEAR (1ST OCTOBER 1997 - 30TH SEPTEMBER 1998)

AMBIENT TEMPERATURE (DEGREES CENTIGRADE)

GTG 1

GTG 2

GTG 3

STG (01.10.97)

STG

TOTAL

AUXILIARY CONSUMPTION
UNITS FOR SALE

PERIOD DAYS	PERIOD TOTAL UNITS MIL KWH	INSTALLED PLANT LOAD CAPACITY MVA	PLANT LOAD FACTOR %
365	274.8	45.8	68.5
365	274.8	45.8	68.5
365	274.8	48.9	68.5
90	111.7	75.5	68.5
275	341.3	75.5	68.5
	1296.1	216.0	
	28.9		
	1267.2		

TARIFF YEAR (1ST OCTOBER 1998 - 30TH SEPTEMBER 1999)

AMBIENT TEMPERATURE (DEGREES CENTIGRADE)

GTG 1

GTG 2

GTG 3

STG

TOTAL

AUXILIARY CONSUMPTION
UNITS FOR SALE

PERIOD DAYS	PERIOD TOTAL UNITS MIL KWH	INSTALLED PLANT LOAD CAPACITY MVA	PLANT LOAD FACTOR %
365	274.8	45.8	68.5
365	274.8	45.8	68.5
365	274.8	48.9	68.5
365	274.8	75.5	68.5
365	274.8	75.5	68.5
	1296.1	216.0	
	28.9		
	1267.2		

AUXILIARY CONSUMPTION

DURING OPEN CYCLE AT 1% BUT DURING STABILISATION PERIOD AT 1.5%
DURING COMBINED CYCLE AT 1% BUT DURING STABILISATION PERIOD AT 1.5%

271

UNITS GENERATED - MINED FUEL - 68.55

TARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)
OPEN CYCLE

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)
COMBINED CYCLE

FUEL CONSUMPTION

TARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)
OPEN CYCLE

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)
COMBINED CYCLE

FUEL COST

TARIFF YEAR (1ST DECEMBER 1996 -- 30TH SEPTEMBER 1997)
OPEN CYCLE

INITIAL TARIFF YEAR (1ST OCTOBER 1997 -- 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 -- 30TH SEPTEMBER 1999)
COMBINED CYCLE

UNITS (10105) (10105) - (C2062) (10011) (10053) (10105)

UNITS GAS	UNITS NAPHTHA	UNITS TOTAL	UNITS GAS	UNITS NAPHTHA	UNITS TOTAL	UNITS GAS	UNITS NAPHTHA	UNITS TOTAL	UNITS GAS	UNITS NAPHTHA	UNITS TOTAL
559.7	0.0	559.7	559.7	0.0	559.7	559.7	0.0	559.7	559.7	0.0	559.7
559.7	0.0	559.7	559.7	0.0	559.7	559.7	0.0	559.7	559.7	0.0	559.7

903.7	392.4	1296.1	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4
903.7	392.4	1296.1	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4

903.7	392.4	1296.1	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4
903.7	392.4	1296.1	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4	1248.4

GAS
NAPHTHA
TOTAL

178.0	0.0	178.0	178.0	0.0	178.0	178.0	0.0	178.0	178.0	0.0	178.0
-------	-----	-------	-------	-----	-------	-------	-----	-------	-------	-----	-------

273.8	8.4	273.8	273.8	8.4	273.8	273.8	8.4	273.8	273.8	8.4	273.8
-------	-----	-------	-------	-----	-------	-------	-----	-------	-------	-----	-------

273.8	8.4	273.8	273.8	8.4	273.8	273.8	8.4	273.8	273.8	8.4	273.8
-------	-----	-------	-------	-----	-------	-------	-----	-------	-------	-----	-------

GAS
NAPHTHA
TOTAL

376.6	0.0	376.6	376.6	0.0	376.6	376.6	0.0	376.6	376.6	0.0	376.6
-------	-----	-------	-------	-----	-------	-------	-----	-------	-------	-----	-------

579.3	47.1	626.4	579.3	47.1	626.4	579.3	47.1	626.4	579.3	47.1	626.4
-------	------	-------	-------	------	-------	-------	------	-------	-------	------	-------

579.3	47.1	626.4	579.3	47.1	626.4	579.3	47.1	626.4	579.3	47.1	626.4
-------	------	-------	-------	------	-------	-------	------	-------	-------	------	-------

DEF 87 - 197 (MAY 1971)

[illegible]

- IBI .. R5500 MIL (INTEREST RATE 12.5%)
 - IPCI .. R5100 MIL (INTEREST RATE 12.5%)
 - ICICI .. R5600 MIL (INTEREST RATE 12.5%)
 - IARI .. R5400 MIL (INTEREST RATE 12.5%)
 - SCICI .. R5100 MIL (INTEREST RATE 12.5%)
 - LIC .. R5100 MIL (INTEREST RATE 12.5%)
 - UTI .. R5000 MIL (INTEREST RATE 12.5%)

[illegible]

REPAYMENT 36 QUARTERLY INSTALLMENTS BEGINNING FROM 1 JANUARY 1997/363536 - 17.76
LOAN DRAWN - (DEBT) - 35 500 SHL - 16 7 64,142 - 33 90 SHL - 13 3 93,100/36
(50C) - 2450 SHL - 10 10 100/36

EVER INDUSTRIES LTD
DEBT -- IN FCY LOAN -- ICICI - 139.16% MIL INTEREST RATE 9%
CARTON YEAR BEGIN..

100% DOWN PAYMENT - 10.00% INTEREST RATE 1%																
FIRST YEAR BEGIN		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
FIRST YEAR END		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
BEGINNING BALANCE		0.00	14.44	13.31	10.44	8.00	5.34	2.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST		0.44	1.01	1.03	0.34	0.40	0.34	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PRINCIPAL		0.00	1.33	2.44	2.44	2.44	2.44	2.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING BALANCE		14.44	13.31	10.44	8.00	5.34	2.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL PAYMENT		0.44	2.38	2.71	2.76	2.76	2.76	2.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST (S.P.A.)		11.24	7.22	9.70	9.00	9.00	9.00	9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PAYMENT 22 QUARTERLY INSTALLMENTS BEGINNING																
PAID DOWN ON 12/31/74																

DOWN ON 20 MARCH 1946

EXHIBITS

2025-2026 TOTAL REPORT SUMMARY

[illegible][illegible]

CLK INDUSTRIES, INC. - INTEREST LTD.

DEBT - 100% DEBT

TABLE YEAR YEAR BEGIN

TABLE YEAR YEAR END

TABLE YEAR YEAR END

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GYK INDUSTRIES, INC.
COMPUTATION OF DEPRECIATION WORKING CAPITAL

DATE YEAR	10-1-00	10-1-01	10-1-02	10-1-03	10-1-04	10-1-05	10-1-06	10-1-07	10-1-08	10-1-09	10-1-10	10-1-11	10-1-12	10-1-13	10-1-14	TOTAL
USE COST	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
M & M EXPENSES	7	14	14	14	14	14	14	14	14	14	14	14	14	14	14	
INVENTORY OF SPARE	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	
RECEIVABLES	224	422	411	399	387	376	364	356	348	340	332	324	316	308	300	
TOTAL	275	481	471	458	446	433	421	409	397	385	373	361	349	337	325	
INTEREST (10%)	21	87	85	82	80	78	76	74	72	70	68	66	64	62	60	

1881 1882

STATION OF PLANT WORKS

TOTAL	25301	25301
REVENUE	25301	25301

4.

[illegible]

TARIFF YEAR BEGINS
TARIFF YEAR ENDS

[illegible]

2000 2001

GVK INDUSTRIES LTD

COMPUTATION OF OPEN CYCLE TARIFF (PLF - 65.5%)

CASE 1

TARIFF YEAR BEGINS	1980-81	1981-82	1982-83	TOTAL
TARIFF YEAR ENDS	1980-81	1981-82	1982-83	
NUMBER OF OPERATING DAYS	365	365	365	1095
INSTALLED CAPACITY (MW)	45.5	45.5	45.5	136.5
WT AVG INSTALLED CAPACITY (MW)	45.5	45.5	45.5	136.5
PLF (%)	62	62	62	62
UNITS GENERATED (MIL. KWH)	107	107	107	321
UNITS SOLD	107	107	107	321
VAR. CHARGES	146	146	146	438
FUEL COST	211	211	211	633
FIXED CHARGES	19	19	19	57
O & M EXPENSES	9	9	9	27
INSURANCE	50	50	50	150
INTEREST ON TERM LOANS	3	3	3	9
INTEREST ON WORKING CAPITAL	23	23	23	69
DEPRECIATION	44	44	44	132
RETURN ON EQUITY				
INCENTIVE				
TAXATION				
TOTAL SALES	409	409	409	1227
FIXED COST PER KWH	1.56	1.56	1.56	4.68
VARIABLE COST PER KWH	1.45	1.45	1.45	4.23
COST PER KWH	3.01	3.01	3.01	8.91

NOTE: THE ABOVE COST OF OPERATION IN INDIAN RUPEES IS PER UNIT OF POWER GENERATED AND NOT PER UNIT OF POWER SUPPLIED TO THE CONSUMER. IN THE CASE OF LOSS OF LOAD, THE COST OF OPERATION WILL BE HIGHER.

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GYK INDUSTRIES LTD

COMPUTATION OF FUEL COST

FINANCIAL CLOSING : 01 APRIL 1996

GTG 1 -- 6 MONTHS FROM FINANCIAL CLOSING (01.10.96)

GTG 2 -- 8 MONTHS FROM FINANCIAL CLOSING (01.12.97)

GTG 3 -- 10 MONTHS FROM FINANCIAL CLOSING (01.02.97)

STG -- 18 MONTHS FROM FINANCIAL CLOSING (01.10.97)

VARIABLE CHARGES -- FUEL

STATION HEAT RATE :

--FOR OPEN CYCLE

--FOR COMBINED CYCLE

PRIMARY FUEL

GROSS CALORIFIC VALUE (K Cal / NI)

PRICE (RUPEES)

OPEN CYCLE CONSUMPTION PER Kwh (SHR/GCV)

COMBINED CYCLE CONSUMPTION PER Kwh (SHR/GCV)

OPEN CYCLE COST PER Kwh

COMBINED CYCLE COST PER Kwh

2000 K Cal Kwh
2000 K Cal Kwh

NAPHTHA

11340
(PER K G)

5620
(PER MT)

0.25573
(KG)

0.17637
(K G)

1.43

0.99

UNITS GENERATED - FUEL - NAPHTHA - 68.53

TARIFF YEAR (1ST DECEMBER 1998 - 30TH SEPTEMBER 1999)
OPEN CYCLE

INITIAL TARIFF YEAR (1ST OCTOBER 1997 - 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 - 30TH SEPTEMBER 1999)
COMBINED CYCLE

FUEL CONSUMPTION

TARIFF YEAR (1ST DECEMBER 1998 - 30TH SEPTEMBER 1999)
OPEN CYCLE

INITIAL TARIFF YEAR (1ST OCTOBER 1997 - 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 - 30TH SEPTEMBER 1999)
COMBINED CYCLE

FUEL COST

TARIFF YEAR (1ST DECEMBER 1998 - 30TH SEPTEMBER 1999)
OPEN CYCLE

INITIAL TARIFF YEAR (1ST OCTOBER 1997 - 30TH SEPTEMBER 1998)
COMBINED CYCLE

TARIFF YEAR (1ST OCTOBER 1998 - 30TH SEPTEMBER 1999)
COMBINED CYCLE

FUEL FORMULA
02 = (101CJG/((100-AH)
101.530033)

TOTAL UNITS
MILKSH
WITH
NAPHTHA
147.1
147.1

1296.1
1296.1

1296.1
1296.1

NAPHTHA
MILKSH

37.6
37.6

238.6
238.6

238.6
238.6

NAPHTHA
MILKSH

210.7
210.7

1290.1
1290.1

1290.1
1290.1

[illegible]

TABLE YEAR-BEGIN	LOAN-36 10-30-57	LOAN-24 10-30-57	LOAN-18 10-30-57	LOAN-12 10-30-57	LOAN-6 10-30-57	LOAN-3 10-30-57	LOAN-1 10-30-57	LOAN-0.5 10-30-57	LOAN-0.25 10-30-57	LOAN-0.125 10-30-57	LOAN-0.0625 10-30-57	LOAN-0.03125 10-30-57	LOAN-0.015625 10-30-57	LOAN-0.0078125 10-30-57	LOAN-0.00390625 10-30-57	LOAN-0.001953125 10-30-57	LOAN-0.0009765625 10-30-57	LOAN-0.00048828125 10-30-57	LOAN-0.000244140625 10-30-57	LOAN-0.0001220703125 10-30-57	LOAN-0.00006103515625 10-30-57	LOAN-0.000030517578125 10-30-57	LOAN-0.0000152587890625 10-30-57	LOAN-0.00000762939453125 10-30-57	LOAN-0.000003814697265625 10-30-57	LOAN-0.0000019073486328125 10-30-57	LOAN-0.00000095367431640625 10-30-57	LOAN-0.000000476837158203125 10-30-57	LOAN-0.0000002384185791015625 10-30-57	LOAN-0.00000011920928955078125 10-30-57	LOAN-0.000000059604644775390625 10-30-57	LOAN-0.0000000298023223876953125 10-30-57	LOAN-0.00000001490116119384765625 10-30-57	LOAN-0.000000007450580596923828125 10-30-57	LOAN-0.0000000037252902984619140625 10-30-57	LOAN-0.00000000186264514923095703125 10-30-57	LOAN-0.000000000931322574615478515625 10-30-57	LOAN-0.0000000004656612873077392578125 10-30-57	LOAN-0.00000000023283064365386962890625 10-30-57	LOAN-0.000000000116415321826934814453125 10-30-57	LOAN-0.000000000058207660913467407171875 10-30-57	LOAN-0.0000000000291038304567337035859375 10-30-57	LOAN-0.00000000001455191522836685179296875 10-30-57	LOAN-0.000000000007275957614183425896484375 10-30-57	LOAN-0.0000000000036379788070917129482421875 10-30-57	LOAN-0.00000000000181898940354585647412109375 10-30-57	LOAN-0.000000000000909494701772928237060546875 10-30-57	LOAN-0.0000000000004547473508864641185302734375 10-30-57	LOAN-0.00000000000022737367544323205926513671875 10-30-57	LOAN-0.000000000000113686837721616029632568359375 10-30-57	LOAN-0.0000000000000568434188608030148162841796875 10-30-57	LOAN-0.00000000000002842170943040150740814208984375 10-30-57	LOAN-0.0000000000000142108547152007537040710444921875 10-30-57	LOAN-0.00000000000000710542735760037685203552224609375 10-30-57	LOAN-0.000000000000003552713678800188426017761123046875 10-30-57	LOAN-0.000000000000001776356839400094213008880561730234375 10-30-57	LOAN-0.00000000000000088817841970004710650044402808671875 10-30-57	LOAN-0.000000000000000444089209850023553250222014043359375 10-30-57	LOAN-0.00000000000000022204460492501177662511100702171875 10-30-57	LOAN-0.000000000000000111022302462505888312555503510859375 10-30-57	LOAN-0.0000000000000000555111512312529441562775017574296875 10-30-57	LOAN-0.00000000000000002775557561562647207813875087871484375 10-30-57	LOAN-0.0000000000000000138777878078132360390693754393717421875 10-30-57	LOAN-0.000000000000000006938893903906618019534687719695890625 10-30-57	LOAN-0.0000000000000000034694469519533090097673438598479453125 10-30-57	LOAN-0.00000000000000000173472347597665450488367192992397265625 10-30-57	LOAN-0.000000000000000000867361737988327252441835964961986328125 10-30-57	LOAN-0.0000000000000000004336808689941636262209179824809931640625 10-30-57	LOAN-0.00000000000000000021684043449708181311045899124049658203125 10-30-57	LOAN-0.000000000000000000108420217248540906555229495620248291015625 10-30-57	LOAN-0.0000000000000000000542101086242704532776147478101241455078125 10-30-57	LOAN-0.00000000000000000002710505431213522663880737390506207275390625 10-30-57	LOAN-0.00000000000000000001355250265606761331944036695253103636953125 10-30-57	LOAN-0.000000000000000000006776251328033806659720183476265518184765625 10-30-57	LOAN-0.0000000000000000000033881256640169033298600917381327590923828125 10-30-57	LOAN-0.00000000000000000000169406283200845166493004586906637954619140625 10-30-57	LOAN-0.000000000000000000000847031416004225832465022934533189773095703125 10-30-57	LOAN-0.00000000000000000000042351570800211
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DEBT -- FIFTEEN -- JFCI -- PAY 30.180 MIL INTEREST RATE 10.71

YEARLY BEGIN		1988		1989		1990		1991		1992		1993		1994		1995		1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037		2038		2039		2040		2041		2042		2043		2044		2045		2046		2047		2048		2049		2050		2051		2052		2053		2054		2055		2056		2057		2058		2059		2060		2061		2062		2063		2064		2065		2066		2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300	
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DEBT - IFICOLAN - SCIL - 195.00% NIL INTEREST RATE 10.50

[illegible]

GVK INDUSTRIES LTD)

COMPUTATION OF DEPRECIATION

TARGET YEAR BEGINS	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL
TARGET YEAR ENDS	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
GROSS BLOCK (PLANT)	2,674	6,071	4,353	3,415	2,561	1,921	1,441	1,080	810	608	456	342	256	192	144	108	81	61	45	34	25	19	14	10	8	6	4	3	2
DEPRECIATION (15%)	1,603	1,518	1,138	854	640	480	360	270	203	152	114	85	64	48	36	27	20	15	11	8	6	4	3	2	1	1	1	1	1
NET BLOCK	6,071	4,353	3,415	2,561	1,921	1,441	1,080	810	608	456	342	256	192	144	108	81	61	45	34	25	19	14	10	8	6	4	3	2	1
GROSS BLOCK (CIVIL WORKS)	416	416	401	361	321	281	241	201	161	121	81	61	41	31	21	11	1	1	1	1	1	1	1	1	1	1	1	1	1
DEPRECIATION (10%)	41	41	40	36	32	28	24	20	16	12	8	6	4	3	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1
NET BLOCK	440	401	361	321	281	241	201	161	121	81	61	41	31	21	11	1	1	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL DEPRECIATION	1,644	1,559	1,178	890	673	509	384	294	224	171	131	91	68	51	39	28	21	16	12	9	7	5	4	3	2	1	1	1	1
DEPRECIATION	71	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640	640

ESTIMATION OF PLANT & CIVIL WORKS

CVT	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	TOTAL
PLANT & MACHINERY	6,199.1	1101	64	30	39	7874																							
CIVIL WORKS	404.9	70	4	2	6	456																							
TOTAL	6,604	1171	68	32	45	8330																							

EQUITY	2,441
DEBT	6,713
TOTAL	9,154

241

FIFTY YEAR BEGINS		LOC-26	LOC-27	LOC-28	LOC-29	LOC-30	LOC-31	LOC-32	LOC-33	LOC-34	LOC-35	LOC-36	LOC-37	LOC-38	LOC-39	LOC-40	LOC-41	LOC-42	LOC-43	LOC-44	LOC-45	LOC-46	LOC-47	LOC-48	LOC-49	LOC-50	LOC-51	LOC-52	LOC-53	LOC-54	LOC-55	LOC-56	LOC-57	LOC-58	LOC-59	LOC-60	LOC-61	LOC-62	LOC-63	LOC-64	LOC-65	LOC-66	LOC-67	LOC-68	LOC-69	LOC-70	LOC-71	LOC-72	LOC-73	LOC-74	LOC-75	LOC-76	LOC-77	LOC-78	LOC-79	LOC-80	LOC-81	LOC-82	LOC-83	LOC-84	LOC-85	LOC-86	LOC-87	LOC-88	LOC-89	LOC-90	LOC-91	LOC-92	LOC-93	LOC-94	LOC-95	LOC-96	LOC-97	LOC-98	LOC-99	LOC-100	LOC-101	LOC-102	LOC-103	LOC-104	LOC-105	LOC-106	LOC-107	LOC-108	LOC-109	LOC-110	LOC-111	LOC-112	LOC-113	LOC-114	LOC-115	LOC-116	LOC-117	LOC-118	LOC-119	LOC-120	LOC-121	LOC-122	LOC-123	LOC-124	LOC-125	LOC-126	LOC-127	LOC-128	LOC-129	LOC-130	LOC-131	LOC-132	LOC-133	LOC-134	LOC-135	LOC-136	LOC-137	LOC-138	LOC-139	LOC-140	LOC-141	LOC-142	LOC-143	LOC-144	LOC-145	LOC-146	LOC-147	LOC-148	LOC-149	LOC-150	LOC-151	LOC-152	LOC-153	LOC-154	LOC-155	LOC-156	LOC-157	LOC-158	LOC-159	LOC-160	LOC-161	LOC-162	LOC-163	LOC-164	LOC-165	LOC-166	LOC-167	LOC-168	LOC-169	LOC-170	LOC-171	LOC-172	LOC-173	LOC-174	LOC-175	LOC-176	LOC-177	LOC-178	LOC-179	LOC-180	LOC-181	LOC-182	LOC-183	LOC-184	LOC-185	LOC-186	LOC-187	LOC-188	LOC-189	LOC-190	LOC-191	LOC-192	LOC-193	LOC-194	LOC-195	LOC-196	LOC-197	LOC-198	LOC-199	LOC-200	LOC-201	LOC-202	LOC-203	LOC-204	LOC-205	LOC-206	LOC-207	LOC-208	LOC-209	LOC-210	LOC-211	LOC-212	LOC-213	LOC-214	LOC-215	LOC-216	LOC-217	LOC-218	LOC-219	LOC-220	LOC-221	LOC-222	LOC-223	LOC-224	LOC-225	LOC-226	LOC-227	LOC-228	LOC-229	LOC-230	LOC-231	LOC-232	LOC-233	LOC-234	LOC-235	LOC-236	LOC-237	LOC-238	LOC-239	LOC-240	LOC-241	LOC-242	LOC-243	LOC-244	LOC-245	LOC-246	LOC-247	LOC-248	LOC-249	LOC-250	LOC-251	LOC-252	LOC-253	LOC-254	LOC-255	LOC-256	LOC-257	LOC-258	LOC-259	LOC-260	LOC-261	LOC-262	LOC-263	LOC-264	LOC-265	LOC-266	LOC-267	LOC-268	LOC-269	LOC-270	LOC-271	LOC-272	LOC-273	LOC-274	LOC-275	LOC-276	LOC-277	LOC-278	LOC-279	LOC-280	LOC-281	LOC-282	LOC-283	LOC-284	LOC-285	LOC-286	LOC-287	LOC-288	LOC-289	LOC-290	LOC-291	LOC-292	LOC-293	LOC-294	LOC-295	LOC-296	LOC-297	LOC-298	LOC-299	LOC-300	LOC-301	LOC-302	LOC-303	LOC-304	LOC-305	LOC-306	LOC-307	LOC-308	LOC-309	LOC-310	LOC-311	LOC-312	LOC-313	LOC-314	LOC-315	LOC-316	LOC-317	LOC-318	LOC-319	LOC-320	LOC-321	LOC-322	LOC-323	LOC-324	LOC-325	LOC-326	LOC-327	LOC-328	LOC-329	LOC-330	LOC-331	LOC-332	LOC-333	LOC-334	LOC-335	LOC-336	LOC-337	LOC-338	LOC-339	LOC-340	LOC-341	LOC-342	LOC-343	LOC-344	LOC-345	LOC-346	LOC-347	LOC-348	LOC-349	LOC-350	LOC-351	LOC-352	LOC-353	LOC-354	LOC-355	LOC-356	LOC-357	LOC-358	LOC-359	LOC-360	LOC-361	LOC-362	LOC-363	LOC-364	LOC-365	LOC-366	LOC-367	LOC-368	LOC-369	LOC-370	LOC-371	LOC-372	LOC-373	LOC-374	LOC-375	LOC-376	LOC-377	LOC-378	LOC-379	LOC-380	LOC-381	LOC-382	LOC-383	LOC-384	LOC-385	LOC-386	LOC-387	LOC-388	LOC-389	LOC-390	LOC-391	LOC-392	LOC-393	LOC-394	LOC-395	LOC-396	LOC-397	LOC-398	LOC-399	LOC-400	LOC-401	LOC-40
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