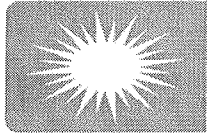


Annexure 13.3



आरईसी
REC

असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

आरईसी लिमिटेड REC LTD

[Formerly known as Rural Electrification Corporation Limited]
भारत सरकार का उद्यम (A Government of India Enterprise)

CIN : L40101DL1969GOI005095

Western Zone : 51-B, Mittal Tower, Nariman Point, Mumbai 400 021

Phones : (022) 22830985, 22833055 Telefax : (022) 22831004

E-mail : zmmumbai@recl.nic.in Website : www.recindia.nic.in

No.REC/MUM/116-SI/84

Date: 02.05.2019

✓ The Chairman & Managing Director
Maharashtra State Power Generation Co Ltd (MSPGCL)
Prakashgarh, Bandra (E)
Mumbai.

Sub: Sanction letter for Financial Assistance of REC for Installation of Pollution Control Equipment at 1x660 MW (Unit#6) Bhusawal TPS Replacement Project.
(Scheme Code:- MH-GE-GEN-126-2019-15090)

Ref: MSPGCL Application for Financial Assistance vide Letter dated 28.12.2018

Dear Sir,

Please refer to your above cited Loan Application for financial assistance from Rural Electrification Corporation Ltd. to finance/part finance the proposed Generation – Conventional (Thermal) schemes.

The proposal has been considered and REC is agreeable to grant you Rupee Term Loan Assistance (the "RTL assistance") to the tune of **Rs. 524 Crore** with the following conditions and with details of the scheme(s) as given in Annexure-I.

1. The aforesaid term loan is subject to the general terms and conditions set out in Annexure- I. The loan would be further subject to the conditions as set out in the Rupee Term Loan Agreement to be executed between the borrower and REC.
2. The sanction letter is sent to you in duplicate and in case the above terms and conditions are acceptable to you, it is requested to return one copy of the same duly signed as token of acceptance of the terms and conditions of sanction with in a period of thirty days from the date of receipt of this letter.
3. Borrower shall communicate to REC within 30 days from the date of receipt of this letter that the terms and conditions set out herein are acceptable to it. Unless the loan agreement and other documents relating to the above assistance are executed by the borrower in such form as may be required by REC within six months from the date of this letter, or within such further time as may be allowed by REC in its absolute

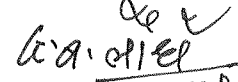
Handwritten signature and date: 02.05.19

discretion, this communication should not be any way be construed as giving rise to any binding obligation on the part of REC.

4. All the Annexures are deemed to be part of this letter.

You are requested to acknowledge the receipt of this letter.

Yours faithfully,



(D.B.Londhe) 02/05/19

Zonal Manager, RO, Mumbai

Encl : a/a

Copy to:

- a. Director (Finance), MSPGCL, Prakashgarh, Bandra (E), Mumbai.
- b. Director (Projects), MSPGCL, Prakashgarh, Bandra (E), Mumbai.
- c. Director (Operations), MSPGCL, Prakashgarh, Bandra (E), Mumbai.
- d. The Executive Director (State Operations-I), REC Ltd., New Delhi
- e. Scheme File / Office Copy / Guard File.

STATE SECTOR BORROWERS

General Terms and Conditions for Sanction of Rupee Term Loan for Generation Projects:

Sl. No.	Title	Terms & Conditions
A. Pre-Commitment Conditions :		
1	Sanctioned Loan Amount	1) Loan Amount sanctioned by REC:- Rs. 524 Crore & (% of Project cost): - 80% 2) Name of the Project: - Installation of Pollution Control Equipment at 1x660 MW (Unit#6) Bhusawal TPS Replacement Project 3) Scheme Code:- MH-GE-GEN-126-2019-15090 4) Estimated Project Cost:- Rs. 655 Crore 5) Promoters' Contribution:- Rs. 131 Crore & (% of Project cost): - 20 6) Debt Component:- Rs. 524 Crore & (% of Project cost): - 80 7) Completion Period: The timeline for installation of Pollution Control Equipment (FGD etc.) shall be SCOD of 1x660 MW Unit#6 Bhusawal TPS Replacement Project + 6 months (for creation of ancillary facilities related to FGD etc.)
2	Validity of Sanction Letter	The sanction shall be valid for a period of six months from the date of sanction letter. However, REC can extend the validity period on the request of the borrower after being satisfied of the reasons of delay furnished by the Borrower.
3	Loan Agreement	a) The Borrower shall execute the Rupee Term Loan Agreement (RTLA) along with other loan documents and furnish all certificates within six months' time or such extended period, as the case may be in the prescribed formats of REC. b) In case of any inconsistency between the terms and conditions of the sanction letter and the RTLA, the terms and conditions of Sanction Letter shall prevail, except as specifically provided in the RTLA. c) All the Terms and Conditions herein including all future additions/ amendments therein shall be the integral part of the RTLA.
4	Stamp Duty & Registration Expenses	The costs towards stamp duty and registration charges shall be borne by the Borrower for and in connection with execution of loan/security documents.
5	Draw Drawn Schedule and Disbursement of Loan	a) The borrower shall furnish to REC a quarter-wise schedule of drawl of this loan, the year being the financial year commencing April 1 st and ending March 31 st and the quarters being three months period beginning from 1 st April, 1 st July, 1 st October and 1 st January of each year. The borrower will be required to draw the entire amount of committed funds in the respective quarters. The borrower shall be allowed prospective revision in drawl schedule once in every financial year, provided the request is received latest by 15 th March of the previous financial year

		b) Unless REC agrees otherwise, the Borrower's right to make draws from the Rupee Term Loan shall cease at end of 6 months after Scheduled Completion of Project by default or on last date of drawl as agreed by REC and Borrower at the time of signing of RTLA, as the case may be but shall be limited for the Project Expenses incurred till the date of Project completion only. In case of any cost saving/reduction in the project cost, due to reasons whatsoever, the loan amount shall stand reduced by amount so reduced in proportion to the Debt & Equity. c) 1st instalment of the sanctioned loan amount shall be released only after execution of the prescribed loan agreements/documents, completion of other legal formalities including submission of such undertakings & certificates and authentication in the forms prescribed by REC for this purpose, and compliance by the borrower with the all others and special terms and conditions of the sanction letter/RTLA including all future additions/amendments. REC may consider the payment of advance, on the request of Borrower, depending on the need of the project, on creation of adequate security and compliance of terms & conditions of sanction to the satisfaction of REC. Further disbursement shall be based on "draw down schedule" accepted by REC or the revised draw down, if approved by REC in line with the Awarded Contract Provisions. d) 2nd and all subsequent instalments of loan shall be disbursed as per REC's prevailing disbursement procedures based on certification of the progress of the project/work done by the Borrower on the format acceptable to REC. e) REC reserves its right to withhold the entire or any part of un-disbursed amount of Rupee Term Loan and/or to recover/adjust any Additional interest, Penal Interest and any other dues payable under this sanction letter as well as under any other Rupee Term Loan availed by the Borrower from the Loan amount at the time of disbursement. f) REC may agree on the request of the borrower to extend the period of disbursement of loan and implementation of the project.
6	Payment of Interest, Interest Rates & Interest Reset Period.	a) The Borrower shall pay interest on the loan amount disbursed, at the rate prevailing on the date of each disbursement as per REC's prevailing loan policy circular, for the entire period of loan, subject to interest rate reset (at the sole discretion of REC) as applicable from the date of each disbursement of loan instalment. The present rate of interest is 11.90% p.a. on quarterly rest and with 3 year reset period. b) The Interest shall be payable by the borrower and compounded quarterly. The 1st 'Interest Due Date' shall be the last day of the last month of the calendar quarter in which disbursement is made and all subsequent 'Interest Due Date's' shall be the last day of last month of following calendar quarter till the full Loan amount along with all other dues are paid back to REC. There will not be any moratorium for payment of interest. All interest and their cost, charges, expenses shall accrue on daily basis and be calculated on the basis of actual number of days elapsed and an year of 365 days. c) Notwithstanding anything stated hereinbefore, it will be open to REC to periodically reduce or enhance the rate of interest in respect of loan instalments not disbursed up to the date of such revision. The revision in the rate of interest shall take effect from such date as may be notified by REC.

		d) The Borrower shall exercise the option of the reset of Interest Rate by the Lender in respect of the Rupee Term Loan either 'after every 3 years' or 'after 10 years' beginning with the date of first disbursement. The option shall be exercised by the borrower before seeking first disbursement of loan and the option once exercised shall be final and binding and cannot be modified during the entire tenure of the loan. e) An additional interest at the rate as per prevailing policy of REC shall be charged in addition to the normal Interest for the period of non-creation of specified securities within stipulated period.
7	Loan Repayment/ Moratorium Period, Appropriation of Receipts & Mode of Payment	a) The entire loan shall be repaid by the Borrower in 60 equal quarterly instalments and the 1st 'Loan Repayment Due Date' shall be the last day of the last month of the calendar quarter following the quarter in which the moratorium period expires and all subsequent 'Loan Repayment Due Dates' shall be last day of each following calendar quarter till the entire loan amount along with interest & all other dues are repaid to REC in full. b) Moratorium period shall be up to 6 Months from the date of SCOD of 1x660 MW Unit#6 Bhusawal TPS Replacement Project. c) REC also reserves its right to adjust/appropriate from any remittances made by the Borrower for the following dues under this RTLA as well as under any other Rupee Term Loan availed by the Borrower in the following order unless otherwise agreed: - All costs, charges, expenses, losses, applicable taxes, statutory duties and TDS and other moneys being due from the Borrower; - Interest on costs, charges, expenses, losses, applicable taxes, statutory duties and TDS and other moneys. If any; - Penal and/or Additional Interest including interest tax, if any; - Any overdue Interest including interest tax, if any; - Any due Interest including interest tax, if any; - Repayment of Principal falling due; and surplus remaining out of above, if any, shall be retained as an advance receipt of next falling due Interest and/or Principal instalment. d) Any shortfall in recovery of the dues mentioned in cl.(c) above shall be considered as default in payment and shall be treated as such as per provisions defined herein or elsewhere and REC will have the liberty to exercise all the rights as may be available under the RTLA or any other security documents. e) The Borrower shall ensure that all payments due from them are remitted and realised at par at the designated Bank at New Delhi or other places as may be directed by REC on the dates on which same falls due or following working day, if such due date is a bank holiday at the recipient branch. Any payment(s) received before the due date shall be deemed to have been received on the due date only.
8	Default and Penal Interest & Consequences of default	a) In the event of any instalment of interest/principal and/or any other dues not being paid to REC by the Borrower on or before the due dates & as per terms as indicated herein, the Borrower shall pay to REC a penal interest at the rate as per the prevailing Loan Policy of REC on the date of default, over and above and in addition to the applicable interest rate on the amount so overdue, for the period of default on quarterly compounding basis. b) Further in the event of default in payment of interest and/or in repayment of principal by the Borrower, subsequent receipts shall be appropriated as per the

		Accounting Policy of REC. c) In the event of default in terms and conditions of the loan by the Borrower or abandoning the project at any stage or the amount not getting utilized for the purpose for which it is sanctioned or viability of the Project or the financial strength of Promoters or there is any substantial deterioration in securities created for the loan, the whole or any part of the loan disbursed can be called back by REC prematurely and in such an event, the entire loan outstanding shall become immediately payable by the Borrower to REC together with all due interest and applicable penal interest shall be payable from the original date of disbursement of loan and REC shall have the full liberty to utilise any amount to the credit of the Trust and Retention /Escrow Account including its Sub-Accounts to service and repay the RTL facilities. d) Further in case of such defaults, REC shall have absolute rights to either enforce the entire or any part of securities created under the RTLA and/or to take possession of charged assets including entire or any part of plant/project and to sell, transfer or dispose otherwise, as REC may deem fit, besides taking legal recourse as may be available to REC. e) The occurrence of events of default shall be judged during currency of RTLA by REC at its sole discretion which shall be final and binding on the Borrower.
9	Prepayment	a) The Borrower shall not prepay the outstanding amount of the Rupee Term Loan in full or in part save as the instalments as per the repayment schedule. Any prepayment of the Rupee Term Loan shall be made with prior permission and at the sole discretion of REC and on the terms and conditions (<i>including prepayment premium</i>) as may be decided by REC on such request. b) During the period when the request for prepayment is under consideration of REC, the Borrower shall continue to service interest and repayments in terms of RTLA.
10	Interest Tax, Service Tax, levies & duties and Other Costs & Expenses.	a. The interest / fees and other charges mentioned herein are exclusive of any prevailing interest tax, service tax and / or other applicable levies/ duties. Such interest tax, service tax/ other levies/ duties, as may be applicable, besides of any stamp duties, court fee, professional fees, cost and charges for counsel/ advocate's fees for drafting, vetting of loan documents and rendering opinions, advice, creation of security, due diligence/investigation of title and any insurance premium and related costs paid by REC on behalf of the Borrower and any other charges or surcharges as levied by the Government or any other statutory authorities on any Rupee Term payment under the loan or any other activity directly/indirectly applicable to the Term Loan shall be payable by the Borrower to REC in addition to and in the manner of the Loan Repayment / Interest Payments. b. The Borrower shall keep REC indemnified at all the time from any costs, expenses or losses suffered due to the conduct/default of Borrower and/or make good all monies that may be incurred by REC in discharging the obligations of the Borrower or in connection with the execution of the RTLA or for collection, preservation, disposing or otherwise dealing the offered Securities as per provisions herein or for collection/remittance of payments to/from Borrower, as the case may be. The decision of REC in this regard shall be final and binding on the Borrower.

11	Security	Before seeking 1st disbursement of the Rupee Term Loan, the entire Term Loan together with interest, costs, expenses and all other monies whatsoever accruing out of the RTLA shall be secured by the following to the satisfaction of REC : Extension of existing charge/Hypothecation of movable assets and immovable assets both present and future of the project 1x660 MW Unit#6 Bhusawal TPS Replacement Project of MSPGCL (save and except books, debts), including movable, machinery, machinery spares, tools and accessories and material at project site. The total value of such securities shall not be less than 120% of the loan amount, which shall also cover the interest, penal interest and other charges as per policy of REC applicable from time to time. Securities provided by the Borrower shall be as per applicable REC norms. Every reimbursement claim for release of the funds shall be supported by details of assets created out of the project loan including their corresponding value. It will be open to REC to make field verification before actual release of funds against such claims. If at any time during the subsistence of loan, the Corporation (REC) is of the opinion that the security provided by the Borrower has become inadequate to cover the balance of the loan then outstanding, the Borrower shall provide and furnish to REC additional security as may be acceptable to REC to cover such deficiency. Project assets including contracts and project documents mortgaged/hypothecated/charged/assigned in favour of REC shall not be mortgaged/hypothecated/charged/assigned in favour of any other institution during the pendency of REC loan without prior written permission from REC.
12	ESCROW /TRA ACCOUNT	The Borrower shall establish a suitable Payment Security Mechanism as acceptable to REC to secure timely payment of interest and repayment of principal. The Borrower shall make operational a default Escrow arrangement of cash flows into the Escrow account in the designated Bank through a Tripartite Escrow Agreement for timely payments to the satisfaction of REC. The above Payment Security Mechanisms shall be executed on formats as may be acceptable to REC.
13	Loan Assignment	REC shall be fully empowered to assign the debt and the benefit of this loan, guarantees and the securities to be created for the loan to the Government of India, RBI or any other institution as security of any refinance/arrangement which may be worked out by REC with such organization in respect of the loan and the Borrower shall, as and when required by REC, join in doing and executing all such acts, deeds, documents and assurances as REC may require to give effect to such assignment.
B. Pre-disbursement Conditions :		
1	The Borrower shall undertake/ensure and	a) The Borrower has not defaulted on any of its loans & shall submit satisfactory cash flow of the project. b) The Borrower to submit confirmed source of own investment & shall raise and

	demonstrate always that :	proportionately invest the same along with REC loan & shall not utilize it for repayment/settlement of outstanding liabilities other than of the Project. c) The Borrower shall have tied up for equity and balance loan amount, if any, before disbursement. d) The Borrower will submit the implementation schedule and draw down schedule. e) The Borrower shall create the Security as per the terms of sanction and in the manner satisfactory to REC. f) The Borrower shall ensure the availability of input resources viz. adequate supply of Coal/start-up fuel/ water etc. for the power plant. g) Borrower shall take adequate measures/safeguards against natural calamities such as earthquake, cyclone etc. during detailed engineering as well as execution of project etc. h) The Borrower shall submit copies of EPC/Package Contracts for project indicating firm price/price variation clause with a cap & LD clauses. i) The Borrower shall furnish to REC the details of arrangement for Fuel Supply Linkage for a minimum PLF required as per norms for the power plant. j) The Borrower shall submit the details of arrangement for Power Evacuation System from the power plant. k) The Borrower shall provide the details of power sale arrangement before 1st disbursement. l) The Borrower shall submit the arrangement of fuel supply for a quantity required for minimum PLF as per norms indicating firm price/price variation clause with a cap & LD clauses before 1st disbursement. m) The Borrower shall undertake to comply the time lines in respect of approved PPA and Tariff Plan, Firm Contract with relevant price variation/LD clauses, Fuel Supply Agreement (FSA) and Power Evacuation System of the power plant.
2	Project Clearances	All statutory and non-statutory clearances have to be valid and demonstrated at all stages.
C. Other Conditions :		
1	The Borrower shall always ensure	a) Debt exposure for the project shall not exceed 80% of the cost of the project or Rs. 524 crores, whichever is less. b) Cost overrun, if any, would be borne by Borrower without recourse to the project or REC. c) REC reserves the right to specify additional requirement by REC, in the offered security package and/or in the applicable terms & conditions and loan documents. d) The timeline for installation of Pollution Control Equipment (FGD etc.) shall be SCOD of 1x660 MW Unit#6 Bhusawal TPS Replacement Project + 6 months (for creation of ancillary facilities related to FGD etc.) e) The Borrower shall keep REC informed about any happening/events which shall have a substantial effect on the business of the borrower & shall provide necessary information, in case of any new project/expansion of existing project taken up during the currency of REC loan. REC shall have the right to cancel/recall the entire loan in case of misrepresentation/ suppression of information, if any noticed at any stage. f) The Borrower shall arrange to provide, as and when requested by REC, tariff plan approved by the appropriate authority. In case of any cost saving/reduction in

		the project cost the loan amount shall stand reduced proportionately. g) The Borrower shall not transfer/sell or abandon the project at any stage in any manner whatsoever without prior written consent of REC. h) REC shall have a right to appoint lender's engineer, lender's counsel and auditors as it may deem necessary and further rights to appoint a nominee on the project Management Committee of Borrower and Borrower shall provide all assistance to them. Borrower shall bear the costs of such appointees. i) If the project award cost is less, which reduces the project cost, then REC's sanctioned loan shall stand reduced in proportion to the sanctioned debt equity ratio. If there is any increase/escalation in Project/award costs for any reason whatsoever, the promoter has to meet the increased cost without any recourse to the project or REC. j) No dividend would be declared by the Borrower if there is any default in respect of REC's loan. k) Time bound action plan for the implementation of the project will be prepared by the Borrower Company and quarterly progress reports for the same will be submitted to REC along with photographs of the project sites indicating progress of works. l) REC reserves the right to appoint a Nominee Director on the Board of the Borrower. m) Borrower shall file tariff petitions as per the time schedule specified by the State Regulatory Commission (SRC). n) REC reserves the right to withhold/cancel the balance undisbursed loan either in full or in part on being satisfied of non-compliance of any of the terms & conditions of the loan by the Borrower or for any other reason. o) Besides above, other Special Conditions may be stipulated by REC at the time of sanction of loan, which shall be integral part of RTLA.
3	Inspection/ Monitoring & Progress Report	a) It shall be open to REC to arrange for inspection/monitoring of the implementation of the project at all stages in respect of such matters as may be considered necessary and expedient either by itself or by monitoring agencies including institutions/individuals as may be appointed by REC. b) The officers/staff/consultants deputed by REC for the inspection/monitoring of matters relating to the project shall have access to such books and records of the Borrower as may be deemed necessary by them. The Borrower shall also furnish from time to time such reports, explanations or elucidations on its working in general or in relation to the specific Project financed by REC as and when may be asked and in the form and manner acceptable to REC/ such officials. c) The Borrower will carry out and comply with such further changes, modifications, improvements and/or guidelines as may be given by REC in the course of or on the basis of inspections so undertaken for the purpose of more effective and proper implementation of the project and in respect of performance of the Borrower and its Promoters. d) The Borrower will furnish to REC such reports, returns, information, statements etc. at such intervals and in such manner as may be prescribed by REC from time to time in regard to implementation of the Project. e) Furnish the Completion Report of the Project within 6 months of completion in the form and manner acceptable to REC.

*Let
G.A. 1/1/21*

4	Training	The Borrower will permit and depute its officers and other employees as may be considered necessary by REC for the purpose of providing training from time to time in the procedures to be followed for making modifications/improvements on design and operation of the project components as may be considered relevant by REC.
5	Maintenance of Books of Accounts and Audit thereof	The Borrower shall maintain all the time during subsistence of RTLA, proper accounts and other records and prepare annual financial statements and get them audited as are required by the Companies Act, 2013 or other relevant law and shall furnish to REC the Unaudited Financial Statements within 3 months and Audited Financial Statements within 6 months from the close of relevant accounting years.
6	Demand Notice	On or before the due dates, the Borrower shall ensure the payment of interest and repayment of principal as per agreed terms & conditions irrespective of receipt or not of demand notice from REC. However, REC may also send demand notice in advance for the amount falling due and payable, but absence of such demand notice shall not absolve the borrower of their obligations under RTLA.
7	REC's liability	Notwithstanding to above and hereafter, REC shall not be liable for any direct or indirect loss/ damage/ injury to the property, manpower or business of the Borrower or their affiliates caused due to the act, negligence, misconduct or omission of REC or its representative(s) except as defined herein or by virtue of any prevalent law.
8	Interpretation	The decision of REC in all matters including interpretation of any clause relating to this sanction letter shall be final and binding on the Borrower.
9	Abbreviations	CEA – Central Electricity Authority COD – Commercial Operation Date EPC- Engineering Procurement and Construction FSA – Fuel Supply Agreement PES- Power Evacuation System PLF – Plant Load Factor PPA- Power Purchase Agreement RTL – Rupee Term Loan. RTLA – Rupee Term Loan Agreement SRC – State Regulatory Commission TRA – Trust and Retention Account


6.9.2018

Additional/Specific Terms and Conditions for sanction of Rupee Term Loan:

Sl. No	Additional Conditions
1	Borrower shall submit copy of 'In-principle approval of SERC' before reaching 50% disbursement from the above loan.
2	Borrower shall have made the arrangements/tie-up for the reagents required for pollution control equipment before reaching 75% disbursement from the above loan


G. A. M. S.

Annexure A1**Scheme no: 1****Name of the Scheme: Installation of Pollution Control Equipment at 1x660 MW (Unit#6)
Bhusawal TPS Replacement Project****Scheme Code No: MH-GE-GEN-126-2019-15090****Cost Estimate:**

Sl. No.	Particulars	Amount (in Rs. Cr.)
1.	Installation of Selective Catalytic Reduction (SCR) system with allied auxiliaries to limit emission of NO _x to 100 mg/Nm ³	220.00
2.	Installation of Flue Gas Desulphurisation (FGD) system with allied auxiliaries to limit emission of SO _x to 100 mg/Nm ³	380.00
3.	Additional Cost for Modification in Electro Static Precipitator (ESP) to meet Suspended Particulate Matter norms of maximum 30 mg/Nm ³	55.00
	Total Project Cost	655.00
	Total Loan Amount (80% of Project cost)	524.00

Y. L.
G.A. 01/81