

DEED OF GUARANTEE

THIS DEED OF GUARANTEE executed at _____ this ____ day of _____, _____, by M/s. _____ Ltd., a Company within the meaning of the Companies Act, 1956 (1 of 1956) and having its Registered Office at _____, in the State of _____ (hereinafter referred to as "the Guarantor"), which expression shall, unless excluded by or repugnant to the subject or context thereof, include its successors and assigns of the One Part; and Indian Renewable Energy Development Agency Limited, a Company incorporated under the Companies Act, 1956 (1 of 1956) and having its Registered Office at Core-4A, East Court, Ist Floor, India Habitat Centre, Lodi Road, New Delhi -110 003, (hereinafter referred to as "IREDA"), which expression shall, unless excluded by or repugnant to the subject or context thereof, include its successors and assigns of the OTHER PART.

WHEREAS

(1) At the request of M/s _____ Ltd., a Company within the meaning of the Companies Act, 1956 (1 of 1956) and having its Registered Office at _____ (hereinafter referred as "the Borrower") and at the request of the Guarantor, IREDA had agreed to lend and advance to the Borrower a Term Loan not exceeding Rs. _____ Lakhs (Rupees _____ only) (hereinafter referred to as "the Loan") for its project envisaging setting-up of _____ (Project No. _____) on the terms and conditions contained in the Loan Agreement dated _____, _____, entered into between the Borrower and IREDA, (hereinafter referred to as the "Agreement"), the terms, conditions and provisions whereof have been noted by the Guarantor, which, inter-alia, stipulated that an unconditional and irrevocable guarantee should be given by the Guarantor for due repayment of the loan and payment of all interest and other monies payable by the Borrower in the form and manner prescribed by IREDA before any part of loan is disbursed to the Borrower.

(2) Accordingly at the request of the Borrower the Guarantor has agreed to give the requisite guarantee in the form and manner hereinafter expressed.

(3) At the request of Guarantor, IREDA has agreed to make to the Borrower, disbursements/interim disbursements from out of the loan.

NOW THIS DEED WITNESSETH AS FOLLOWS :

In consideration of the premises, the Guarantor hereby unconditionally and irrevocably guarantees and agrees with IREDA as follows:

(1) IREDA shall have the sole discretion to make disbursement(s) and/or interim disbursements to the Borrower from out of the loan at such time, on such conditions and in such manner as IREDA may decide.

(2) The Borrower shall duly and punctually repay the loan of Rs. _____ Lakhs (Rupees _____ only) together with all interest, additional interest, premium on premature repayment and other monies in accordance with the Loan Agreement and perform and comply with all the other terms, conditions and covenants contained in the Loan Agreement ;

(3) In the event of any default on the part of the Borrower in payment/repayment of any of the monies referred to above, or in the event of any default on the part of the Borrower to comply with or perform any of the terms, conditions and covenants contained in the Agreement which constitute an event of default in terms thereof, the Guarantor shall upon demand by IREDA forthwith pay to IREDA without demur all the amounts which shall become due and payable by the Borrower under the Agreement.

(4) The Guarantor shall also indemnify and keep IREDA indemnified against all losses for principal sum of the loan, interest and other monies, and all costs, charges and expenses whatsoever which IREDA may suffer, pay or incur by reason of or in connection with any such default on the part of the Borrower, including legal proceedings taken against the Borrower and/or the Guarantor for recovery of the monies referred to in clauses 2 above.

(5) The Guarantor hereby agrees that without the concurrence of the Guarantor the Borrower and IREDA shall be at liberty to vary, alter or modify or revise the terms and conditions of the Agreement, and/or the security documents executed by the Borrower in favour of IREDA and also the nature of security created/to be created in favour of IREDA and in particular to defer, postpone or revise the repayment of the Loans and/or payment of interest and other monies payable by the Borrower to IREDA on such terms and conditions as may be considered necessary by IREDA including any increase in the rate of interest. IREDA shall also be at liberty to absolutely dispense with or release all or any of the security/securities furnished or required to be furnished by the Borrower to IREDA to secure the Loans. The Guarantor agrees that the liability under the guarantee shall in no manner be affected by any such variations, alterations, modifications, revision, waiver, surrender or release of security or dispensing with any security altogether and that no further consent of Guarantor is required for giving effect to any such variation, alteration, modification, waiver, dispensation with or release of security.

(6) IREDA shall have full liberty, without notice to the Guarantor and without in any way affecting this guarantee, to exercise at any time and from time to time and in any manner any power or powers reserved to IREDA under the Agreement or under the law and to enforce or forbear to enforce payment of the Loan or any part thereof or interest or other monies due to IREDA from the Borrower or any of the remedies or securities available to IREDA to enter into any composition or compound with or to postpone or grant time or any other indulgence or facility to the Borrower AND the Guarantor shall not be released by the exercise by IREDA of his liberty in regard to the matters referred to above or by any act or omission on the part of IREDA or by any other matter or thing whatsoever which under the Law relating to sureties would but for this provision have the effect of so releasing the Guarantor AND the Guarantor hereby waives in favour of IREDA so far as may be necessary to give effect to any of the provisions of this Guarantee, all the suretyship and other rights which the Guarantor might otherwise be entitled to enforce.

(7) This Guarantee shall be enforceable against the Guarantor notwithstanding that any security or securities executed by the Borrower in favour of IREDA shall at the time when the proceedings are taken against the Guarantor on this Guarantee, be outstanding or unrealised or lost.

(8) The guarantee herein contained shall be enforceable against the Guarantor/s notwithstanding that no action of any kind has been taken by IREDA against the Borrower and an intimation in writing sent to the Borrower by IREDA that a default or breach has occurred shall be treated as final and conclusive proof as to the facts as stated therein.

(9) The Guarantor hereby agrees and gives consent to the sale, mortgage or prior, pari-passu or second charge basis, release etc., of any of the assets by the Borrower from time to time as may be approved by IREDA or the transfer of any of the assets of the Borrower from one unit to the other as may be approved by IREDA or to the release or leasing out by IREDA any or whole of the assets charged to IREDA on such terms and conditions as IREDA may deem fit and this may be treated as a standing and continuing consent for each and every individual act of transfer, mortgage, release or lease of any such assets of the Borrower. The Guarantor hereby declares and agrees that no separate consent for each such transfer, mortgage, release or lease or any of such assets would be necessary in future.

(10) The Guarantor hereby agrees and declares that the Borrower will be free to avail of further loans or other facilities from IREDA or any other financial institution or bank in addition to the Loans and/or to secure the same during the subsistence of this guarantee and in that event the guarantee herein contained will not be affected or vitiated in any way whatsoever but will remain in full force and effect and binding on the Guarantor.

(11) The rights of IREDA against the Guarantor shall remain in full force and effect notwithstanding any arrangement which may be reached between the IREDA and other Guarantor, if any, or notwithstanding the release of the other or others from liability and notwithstanding that at any time hereafter the other Guarantor(s) may cease for any reason whatsoever to be liable to IREDA, IREDA shall be at liberty to require the performance by the Guarantor of its obligations hereunder to the same extent in all respect as if the Guarantor had at all times been solely liable to perform the said obligations.

(12) To give effect to this guarantee, IREDA may act as if the Guarantor was the principal debtors to IREDA.

(13) The Guarantor hereby declares and agrees that they have not received and shall not, without the prior consent in writing of IREDA receive any security or commission from the Borrower for giving this guarantee so long any monies remain due and payable by the Borrower to IREDA under the Loan Agreement.

(14) The Guarantor shall not in the event of the liquidation of the Borrower prove in competition with IREDA in the liquidation proceedings.

(15) A certificate in writing signed by a duly authorised official of IREDA shall be conclusive evidence against the Guarantor of the amount for the time being due to IREDA from the Borrower in any action or proceeding brought on this Guarantee against the Guarantor.

(16) This Guarantee shall not be wholly or partially satisfied or exhausted by any payments made to or settled with IREDA by the Borrower and shall be valid and binding on the Guarantor and operative until repayment in full of all monies due to IREDA under the Loan Agreement.

(17) This Guarantee shall be irrevocable and the obligations of the Guarantor hereunder shall not be conditional on the receipt of any prior notice by the Guarantor or by the Borrower and the demand or notice by IREDA, as provided in Clause 21 hereof shall be sufficient notice to or demand on the Guarantor.

(18) The liability of the Guarantor under this Guarantee shall not be affected by :-

i) any change in the constitution or winding up of the Guarantor and/or Borrower or any absorption, merger or amalgamation of the Borrower, and/or with Guarantor with any other company, corporation or concern; or

ii) any change in the management of the Borrower and/or Guarantor or takeover of the management of the Borrower and/or Guarantor by Central or State Government or by any other authority; or

iii) acquisition or nationalisation of the Borrower and/or Guarantor and/or of any its undertaking(s) pursuant to any law; or

iv) any change in the constitution of IREDA; or

v) the winding up/liquidation of the Guarantor; and/or Borrower for any reason whatsoever.

vi) the absence or deficiency of powers on the part of the Guarantor to give guarantees and/or indemnities or any irregularity in the exercise of such power.

(19) This Guarantee shall be a continuing one and for all amounts advanced or to be advanced by IREDA to the Borrower and all interest and costs and other monies and shall remain in full force and effect till such time the Borrower repays in full the Loan together with all interest, additional interest, costs, charges and all other monies that may from time to time become due and payable and remain unpaid to IREDA under the Loan Agreement.

(20) The liability of the Guarantor hereunder shall not exceed the sum of Rs. _____ lakhs (Rupees _____ only) plus all interest, additional interest, costs, charges, and other monies payable by the Borrower to IREDA under the Loan Agreement.

(21) Any demand for payment or notice under this Guarantee shall be sufficiently given if sent by post to or left at the last known address of the Guarantor or its representatives, as the case may be, such demand or notice is to be made or given, and shall be deemed to have reached the addressee in the course of post, if given by post, and no period of limitation shall commence to run in favour of the Guarantor until after demand for payment in writing shall have been made or given as aforesaid, and in proving such notice when sent by post it shall be sufficiently proved if the envelope containing the notice was posted and a certificate by any of the responsible officers of IREDA that to the best of his knowledge and belief, the envelope containing the said notice was so posted shall be conclusive as against the Guarantor, even though it was returned unserved on account of refusal of the Guarantor or otherwise.

(22) The Guarantor hereby agrees and confirms that Civil Courts/Tribunals in Delhi/New Delhi alone shall have jurisdiction to entertain any suit or other legal proceedings arising out of this Deed of Guarantee.

IN WITNESS WHEREOF the Guarantor has caused its Common Seal to be affixed hereto, on the day month and the year first above written.

The Common Seal of M/s.

_____ Ltd.,

has pursuant to the Resolutions of its Board of Directors passed on that behalf on the ____ day of _____, 2005

hereunto been affixed in the presence of Shri

_____ and Shri

_____,
Directors and Shri
_____.

Authorised Person of the Guarantor who have signed these presents in token thereof.