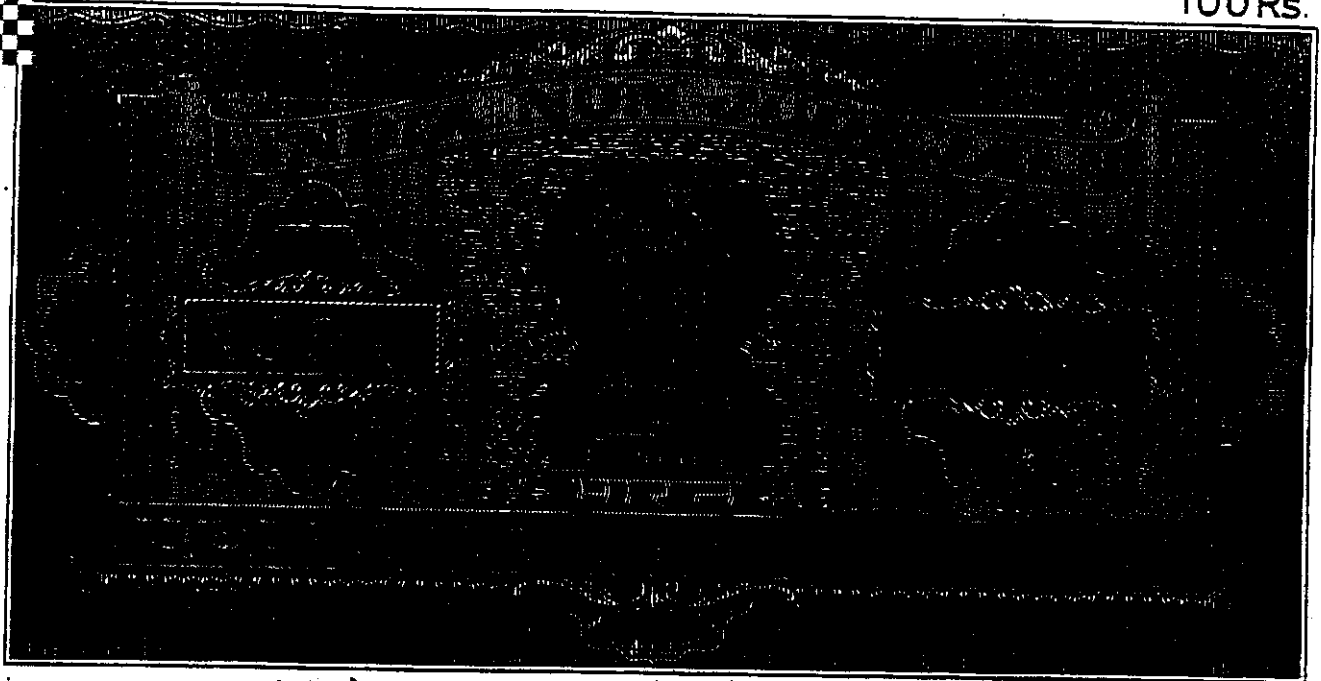


100Rs.



ఆంధ్ర ప్రదేశ్ ఆంధ్ర ప్రదేశ్ ANDHRA PRADESH G. SAILAJA 03AA 854833

1.4000, 2000, 100/-

Y. S. D. Prabha

late Mr. Y. S. Chowdary

from K.C.P. SUGAR & INDUSTRIES CORP LTD, HYD

**G. SAILAJA**

S.V.L. No. 81/63 R.L. No. 11/02,  
246/3RT, S.R. Nagar, Hyderabad-50.



Amendment dated 23rd day of October, 2004

to the Power Purchase Agreement dated 21.01.2003 between

APTRANSCO and M/s K.C.P. Sugar and Industries Corporation Limited

Whereas the Power Purchase Agreement dt. 21.01.2003 amended on 24.9.2004 entered into (herein after referred to as "Agreement") between APTRANSCO and M/s. K.C.P. Sugar and Industries Corporation Limited and this Agreement is in force now.

2 Whereas, Andhra Pradesh Electricity Regulatory Commission (APERC) vide letter No. APERC/Secy/Dir-Engg/DD-Trans/F-NC-PPA/D.No.444/2003 dated 06.02.2003 has issued consent under section 21 (4) of AP Electricity Reform Act, 1998 to the Agreement dated 21.01.2003.

**Chief Engineer (IPC)**  
APTRANSCO, Vidwat Boudha  
HYDERABAD-500 052.

2 J

**For K.C.P. Sugar and Industries Corporation Ltd.**

**General Manager (Co-ordination)**

3 Whereas, the Company has informed that they are implementing the 20 MW bagasse based co-generation project in two phases as detailed below:


1<sup>st</sup> Phase: 12 MW Extraction cum condensing turbine, already procured, will be commissioned. After meeting captive and auxiliary consumption, 6 MW surplus power will be exported to grid for sale to APTRANSCO at 33 KV level. The Company will bear the entire cost of the power evacuation facilities to be provided at 33 KV level.

2<sup>nd</sup> Phase: 8 MW TG set will be commissioned at a later date. The Company will lay a dedicated 132 KV line for export of surplus power from the total 20 MW capacity after meeting captive and auxiliary consumption.

4 Whereas, the Company has requested to accept their proposal for supply of 6 MW surplus power to grid at 33 KV level in 1<sup>st</sup> phase of the Project.

5 Whereas, APTRANSCO has accepted the request of the Company to export a maximum of 6 MW from the 1<sup>st</sup> phase of the Project, after meeting captive and auxiliary consumption, at 33 KV level as a temporary measure subject to the following conditions.

- a) Purchase of power from the project shall be restricted to a maximum of 6 MW only.
- b) The total cost of power evacuation facilities for 33 KV level shall be borne by the Company.
- c) The conductor for the interconnection line should be of 100 sqmm AAA conductor.
- d) A power relay should be provided to prevent flow of more than 6 MW (7500 KVA) in the interconnection line at any point of time.
- e) The Company shall lay the required 132 KV line for evacuation of power at 132 KV level for delivering the power at the time of commissioning 2<sup>nd</sup> phase of 8 MW totaling the project capacity to 20 MW.
- f) The Company shall bear entire cost of evacuation facilities at 132 KV level and will not claim for temporary facilities made at 33 KV level.

  
**Chief Engineer (IPC)**  
APTRANSCO, Vidya Soudha  
HYDERABAD-500 082.

2 K

For K.C.P. Sugar and Industries Corporation Ltd.

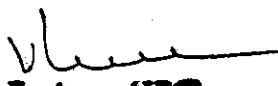
  
J. Satyanarayana  
Senior General Manager (Co-ordination)


6 Whereas, new Articles at Preamble para 2A, Article 1.10A are incorporated and Article 1.13 on Voltage of Delivery is modified. The amendments are incorporated at pages 2M & 2N of the Agreement.

7 The existing Schedule 1 placed at page 20 of the Agreement is cancelled and substituted by the revised Schedule 1 placed at page 20A.

8 The Amendments as mentioned in paragraph 5, 6 & 7 above and in the APPENDIX shall be deemed always to have been made from the 21<sup>st</sup> January' 2003 that is from the date of the Original Agreement. The other terms and conditions of the Agreement remain unaltered.

9 The Agreement including these Amendments is enforceable subject to obtaining the consent of APERC under Section 21 of A.P. Electricity Reform Act 1998. (Act No.30 of 1998).

  
**Chief Engineer (IPG)**  
APTRANSCO. Bidyut Soudha  
HYDERABAD-500 062.

**For K.C.P. Sugar and Industries Corporation Ltd.**  
  
J. Satyanarayana  
Senior General Manager (Co-ordination)

## APPENDIX

Sl. No	Article No.	Existing	Amendment (shall be read in place of existing Articles)
1	Preamble para 2(A)	New Article	The Project shall be commissioned in two phases. In the 1 <sup>st</sup> phase of 12 MW capacity export of power for sale to APTRANSCO shall be limited to a maximum of 6 MW. In the 2 <sup>nd</sup> phase 8 MW TG set will be commissioned totaling the Project capacity to 20 MW. After completion of the 2 <sup>nd</sup> phase a) during season total generation is 19.00 MW out of which 2.15 MW is for Auxiliary consumption, 6.85 MW is for Captive consumption and 10.00 MW is for export to grid for sale to APTRANSCO and b) during off season total generation is 11.40 MW out of which 0.95 MW is for Auxiliary consumption, 0.20 MW is for Captive consumption and 10.25 MW is for export to grid for sale to APTRANSCO respectively.
2	Article 1.10 (A)	New Article	The Project shall be commissioned in two phases. In the 1 <sup>st</sup> phase of <u>12 MW</u> capacity export of power for sale to APTRANSCO shall be limited to a maximum of <u>6 MW</u> . In the 2 <sup>nd</sup> phase <u>8 MW</u> TG set will be commissioned totaling the Project capacity to <u>20 MW</u> . After completion of the 2 <sup>nd</sup> phase a) during season total generation is 19.00 MW out of which <u>2.15</u> MW is for Auxiliary consumption, <u>6.85</u> MW is for Captive consumption and <u>10.00</u> MW is for export to grid for sale to APTRANSCO

*✓*  
**Chief Engineer (IPC)**  
 APTRANSCO, Vidyal Soudha  
 HYDERABAD-500 082.

2 M

For K.C.P. Sugar and Industries Corporation Ltd.

Sd/-

*[Signature]*  
 Sd/-  
 (Co-ordination)

Sl. No	Article No.	Existing	Amendment (shall be read in place of existing Articles)								
			and b) during off season total generation is 11.40 MW out of which 0.95 MW is for Auxiliary consumption, 0.20 MW is for Captive consumption and 10.25 MW is for export to grid for sale to APTRANSCO respectively.								
3	Article 1.13	<p><b>Voltage of Delivery:</b> means the voltage at which the electrical energy generated by the project is required to be delivered to the APTRANSCO at the Interconnection Point and the Voltage of Delivery is as detailed below.</p> <p>For Bagasse/Biomass based cogeneration projects, Biomass based power projects and power projects based on Waste to Energy (projects based on any waste of renewable nature from urban and industrial sector):</p> <table><tr><td><b>Capacity of the plant</b></td><td><b>Specified voltage level for interfacing with APTRANSCO grid</b></td></tr><tr><td>Upto 1500 KVA</td><td>11 KV</td></tr><tr><td>From 1501 KVA to 7500 KVA</td><td>33 KV</td></tr><tr><td>Above 7500 KVA</td><td>132 KV</td></tr></table>	<b>Capacity of the plant</b>	<b>Specified voltage level for interfacing with APTRANSCO grid</b>	Upto 1500 KVA	11 KV	From 1501 KVA to 7500 KVA	33 KV	Above 7500 KVA	132 KV	<p><b>Voltage of Delivery:</b> means the voltage at which the electrical energy generated by the Project is required to be delivered to the APTRANSCO at the Interconnection Point and the Voltage of Delivery is as detailed below.</p> <p>For this Project the Voltage of Delivery will be a) at 33 KV level for the 1<sup>st</sup> Phase of the Project as a temporary measure and b) will be at 132 KV level after completion of the 2<sup>nd</sup> phase of the Project.</p>
<b>Capacity of the plant</b>	<b>Specified voltage level for interfacing with APTRANSCO grid</b>										
Upto 1500 KVA	11 KV										
From 1501 KVA to 7500 KVA	33 KV										
Above 7500 KVA	132 KV										

*V. Sreenivasulu Reddy*  
**Chief Engineer (IPC)**  
 APTRANSCO, Vidyut Soudha  
 HYDERABAD-500 082.

**For K.C.R. Sugar and Industries Corporation Ltd.**

*J. Satyanarayana*  
**J. Satyanarayana**  
 Senior General Manager (Co-ordination)

## ARTICLE 1 DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth herein below. Defined terms of singular number shall include the plural and vice-versa.

- 1.1 **Billing Date:** means the fifth (5th) day after the Metering Date.
- 1.2 **Billing Month:** means the period commencing from 25<sup>th</sup> of the calendar month and ending on the 24<sup>th</sup> of the next calendar month.
- 1.3 **Commercial Operation Date (COD):** means, with respect to each Generating unit, the date on which such Generating unit is declared by the company to be operational, provided that the company shall not declare a Generating unit to be operational until such Generating unit has completed its performance acceptance test as per standards prescribed.

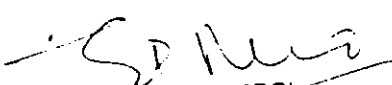
**Explanation:** In respect of Non-conventional based power projects the date of synchronisation of the first unit of the project will be treated as the Commercial Operation Date of the project since Ministry of Non-conventional Energy Sources not specified any guide lines for declaration of the Commercial Operation Date (COD).

- 1.4 **Delivered Energy:** means, with respect to any Billing Month, the kilo watt hours (kWh) of electrical energy generated by the Project and delivered to the APTRANSCO at the Interconnection Point as defined in Article 1.8, as measured by the energy meters at the Interconnection Point during that Billing Month.

**Explanation:** For the purpose of clarification, Delivered Energy, excludes all energy consumed in the Project for Captive consumption, by the main plant and equipment, lighting and other loads of the Project from the energy generated and as recorded by energy meter at Interconnection Point.

- 1.5 **Due Date of Payment:** means the date on which the amount payable by the APTRANSCO to the Company hereunder for Delivered Energy, if any, supplied during a Billing Month becomes due for payment, which date shall be thirty (30) days from the Metering Date, and in the case of any supplemental or other bill or claim, if any, the due date of payment shall be thirty (30) days from the date of the presentation of such bill or claim to the designated officer of the APTRANSCO.

- 1.6 **Installed Capacity:** means the total rated capacity in mega-watts of all the generators installed.

  
Chief Engineer (P&T)  
APTRANSCO, HYDERABAD  
HYDERABAD

For K.C.P. Sugar and Industries Corporation Ltd

  
General Manager (Administration)

- 1.7 **Interconnection Facilities:** means all the equipment and facilities, including, but not limited to, all metering facilities, switch gear, substation facilities, transmission lines and related infrastructure, to be installed by the APTRANSCO by using the existing dedicated line to Mother Industry or laying independent line to the designated Substation of APTRANSCO at the voltage specified in Article 1.13 at the company's expense from time to time throughout the term of this Agreement, necessary to enable the APTRANSCO to economically, reliably and safely receive Delivered Energy from the Project in accordance with the terms of this Agreement.

**Explanation:** In respect of Non-Conventional Energy Projects viz., Bagasse/Biomass based cogeneration projects, Biomass based power projects and power projects based on Waste to Energy (projects based on any waste to renewable nature from urban and industrial sector) etc., the Company have to bear the entire expenditure of interconnection facilities for power evacuation as per the sanctioned estimate by the respective field officers.


- 1.8 **Interconnection Point:** means the point or points where the Project and the APTRANSCO's grid system are interconnected at designated APTRANSCO substation. The metering for the Project will be provided at the interconnection point as per Article 4.1.

**Explanation:** In case of Bagasse/Biomass based cogeneration projects, Biomass based power projects and power projects based on Waste to Energy (projects based on any waste to renewable nature from urban and industrial sector), the Interconnection Point will be at designated APTRANSCO Substation.

- 1.9 **Metering Date:** means mid-day (i.e., noon) of the 24th (twenty-fourth) day of each calendar month, at the Interconnection Point.

- 1.10 **Project:** means the 20 MW capacity co-generation power plant based on Bagasse at at Vuyyuru Village, Vuyyuru Mandal, Krishna District, Andhra Pradesh, with a proposal for (a) **During Season:** Out of 19 MW generated, 2.15 MW is for Auxiliary Consumption, 6.85 MW is for Captive Consumption and balance 10.00 MW is for export to Grid for Sale to APTRANSCO (b) **During Off-season:** Out of 11.4 MW generated, 0.95 MW is for Auxiliary Consumption, 0.20 MW consumption for Captive use and balance 10.25 MW is for export to Grid for Sale to APTRANSCO; as detailed in Schedule 1, entrusted to the Company for construction and operation as detailed in Agreement entered into with NEDCAP as shown in Schedule 3 attached herewith and includes the metering system.

- 1.11 **System Emergency:** means a condition affecting the APTRANSCO's electrical system which threatens the safe and reliable operation of such system or which is likely to result in the disruption of safe, adequate and continuous electric supply by the APTRANSCO, or which endangers life or property, which condition is affected or aggravated by the continued delivery of Delivered Energy from the Project.

  
Chief Engineer (IPC)  
APTRANSCO, Vidut Soudha  
HYDERABAD-500 037

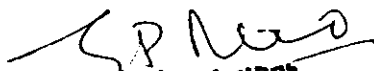
4  
For K.C.P. Sugar and Industries Corporation Ltd

- 1.13 **Voltage of Delivery:** means the voltage at which the electrical energy generated by the project is required to be delivered to the APTRANSCO at the Interconnection Point and the Voltage of Delivery is as detailed below

For Bagasse/Biomass based cogeneration projects, Biomass based power projects and power projects based on Waste to Energy (projects based on any waste of renewable nature from urban and industrial sector):

Capacity of the plant	Specified voltage level for interfacing with APTRANSCO grid
Upto 1500 KVA	11 KV
From 1501 KVA to 7500 KVA	33 KV
Above 7500 KVA	132 KV

- 1.14 All other words and expressions, used herein and not defined herein but defined in the Indian Electricity Act, 1910, Electricity (Supply) Act, 1948, Indian Electricity Rules, 1956 and AP Electricity Reform Act, 1998 shall have the meanings respectively assigned to them in the said Acts.

  
Chief Engineer (IPC),  
APTRANSCO, Vidyut Soudha  
HYDERABAD 500 082

For K.C.P. Sugar and Industries Corporation Ltd.


  
General Manager



- iii) In the event of exceeding the declared load, penal charges will apply as per Tariff conditions.
- iv) In case the developer wants the power from grid for their processing plant during planned outage, a separate requisition for sanction of Temporary supply for the purpose shall be made utilising the existing infrastructure for the project.

**Explanation 3:** If the Company is willing to avail power from APTRANSCO for their processing unit in the same premises during outages of their power plant, and desires to draw power from Grid for starting and maintenance purposes of the Generating station through the dedicated line intended for export of power, the following conditions will apply.

- i) The Company will have a separate H.T. Agreement and Contracted Maximum Demand with APTRANSCO.
- ii) The Gross energy and the Demand will be billed by APTRANSCO as per the then tariff applicable to H.T-I consumers.

  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha  
HYDERABAD-500 037

For K.C.P. Sugar and Industries Corporation Ltd.

  
General Manager (Administration)

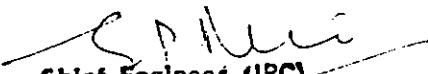
## ARTICLE 2 PURCHASE OF DELIVERED ENERGY AND TARIFF

- 2.1 All the Delivered Energy at the interconnection point for sale to APTRANSCO will be purchased at the tariff provided for in Article 2.2 from and after the date of Commercial Operation of the Project. Title to Delivered Energy purchased shall pass from the Company to the APTRANSCO at the Interconnection Point.
- 2.2 The Company shall be paid the tariff for the energy delivered at the interconnection point for sale to APTRANSCO at Rs.2.25 paise per unit with escalation at 5% per annum with 1994-95 as base year and to be revised on 1<sup>st</sup> April of every year upto the year 2003-2004. Beyond the year 2003-2004, the purchase price by APTRANSCO will be decided by Andhra Pradesh Electricity Regulatory Commission. There will be further review of purchase price on completion of ten years from the date of commissioning of the project, when the purchase price will be reworked on the basis of Return on Equity, O&M expenses and the Variable Cost.
- 2.3 The tariff is inclusive of all taxes, duties and levies.
- 2.4 All future increase in Taxes, Duties and Levies on Energy generated is to be borne by the Company.
- 2.5 Where in any Billing month, the Gross energy and demand supplied by the APTRANSCO to the Company, shall be billed by the APTRANSCO as per the explanations given, and the Company shall pay the APTRANSCO for such energy and demand supplies. Further, since the Company's power house is running in parallel with APTRANSCO grid, the Company has to pay Grid Support Charges as decided by APERC for grid support given to the process unit in the premises.

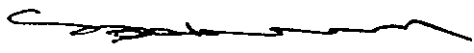
**Explanation 1:** The Generating Plants viz., Bagasse/Biomass based cogeneration projects, Biomass based power projects and power projects based on Waste to Energy (projects based on any waste of renewable nature from urban and industrial sector) use the power generated for their captive purpose in the same premises and export surplus power to grid.

**Explanation 2:** If the Company is not willing to avail power from APTRANSCO for their processing unit in the same premises during outages of their power plant by providing suitable interlocking arrangements between power plant and processing unit, and desires to draw power from Grid for starting and maintenance purpose of the generating station through the dedicated line intended for export of power, the following conditions will apply

- i) The Company has to declare the Load requirement for Starting and Maintenance purposes of the power plant.
- ii) The Company will not have a separate H.T. Service connection number, H.T. Agreement and contracted Maximum Demand. The Gross energy and the recorded maximum demand shall be billed as per APTRANSCO's the then tariff rates applicable to H.T-I consumers.


  
Chief Engineer (IPC)  
APTRANSCO, Vidyan Sreebha  
HYDERABAD-500 027

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For K.C.P. Sugar and Industries Corporation Ltd.

### ARTICLE 3 INTERCONNECTION FACILITIES

- 3.1 Upon receipt of a requisition from the Company the APTRANSCO will prepare an estimate for arranging interconnection facilities for power evacuation at the voltage level as per Article 1.13. The Company have to bear the entire cost of the interconnection facilities as per the sanctioned estimate. APTRANSCO shall evaluate, design, install, own, operate and maintain the Interconnection Facilities and perform all work, at the Company's expense, necessary to economically, reliably and safely connect the APTRANSCO's existing system to the Project switch yard.
- 3.2 APTRANSCO may also permit the Company to execute the interconnection facilities for power evacuation as per the sanctioned estimate at its discretion duly collecting the supervision charges as per procedure in vogue.
- 3.3 The maintenance expenses of the interconnection facilities from time to time have to be borne by the Company. The maintenance work on the Generating units has to be done in coordination with the APTRANSCO.
- 3.4 APTRANSCO has got the right to add any additional loads on the feeder without detrimental to the interests of the existing generating companies on the same feeder.
- 3.5 Any modifications or procedures or changes in arranging interconnection facilities for power evacuations rests with Government of Andhra Pradesh/APTRANSCO.
- 3.6 During the period prior to the Commercial Operation Date, on the request of the Company, the APTRANSCO will supply energy to the Project for any purpose, on the Terms and Conditions and at the tariff rates that are applicable from time to time to the category of consumers of the APTRANSCO to which the Company belongs, provided separate metering arrangements as may be required under the Terms and Conditions of such tariff have been installed at the Project.

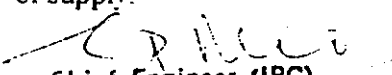
  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha  
HYDERABAD 500 002

For K.O.P. Sugar and Industries Corporation Ltd.

  
General Manager (Production)

## ARTICLE 4 METERING AND PROTECTION

- 4.1 The Company shall install main meters of Static type 0.2 class accuracy at the Interconnection Point and the APTRANSCO shall install check meters of Static type at the same point and of the same accuracy. The main meters and check meters will each consist of a pair of export and import meters.
- 4.2 All of the meters required to be installed pursuant to Article 4.1 above shall be jointly inspected and sealed on behalf of both parties and shall not be interfered with, tested or checked except in the presence of representatives of both parties.
- 4.3 The meter readings from the main meters will form the basis of billing. If any of the meters required to be installed pursuant to Article 4.1 above are found to be registering inaccurately the affected meter will be immediately be replaced.
- 4.4 Where the half yearly meter check indicates an error in one of the main meter/meters beyond the limits for such meter but no such error is indicated in the corresponding check meter/meters, billing for the month will be done on the basis of the reading on the check meter/meters and the main meter will be replaced immediately.
- 4.5 If during the half yearly 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 replaced and the correction applied to the consumption registered by the main meter to arrive at the correct delivered energy for billing purposes for the period of the one month upto the time of such test check, computation of delivered energy for the period thereafter till the next monthly meter reading shall be as per the replaced main meter.
- 4.6 Corrections in delivered energy 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 determining the correction to be applied to any meter registering inaccurately, the meter shall be tested under conditions simulating 100, 50, 20 and 10 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 applicable period shall be taken as the error to be applied for correction.
- 4.7 If both the main and check meters fail to record or if any of the PT fuses are blown out, then the energy will be computed on a mutually agreeable basis for that period of defect.
- 4.8 The main and check meters shall be tested and calibrated utilizing a Standard Meter. The Standard Meter shall be calibrated once in every year at the approved Laboratory by Government of India/Government of Andhra Pradesh, as per Terms and Conditions of supply.

  
Chief Engineer (IPC)  
APTRANSCO, Viduthi Soudha  
HYDERABAD 500 052

For K.G.P. Super Thermal Generation Corporation Ltd.

- 4.9 All main and check meter tests shall be jointly conducted by the authorized representatives of both parties and the results and correction so arrived at mutually will be applicable and binding on both the parties
- 4.10 On the Metering Date each month meter readings shall be taken (and an acknowledgement thereof signed) by the authorized representatives of both parties.
- 4.11 Within six (6) months following the execution of this Agreement, the Company and the APTRANSCO shall mutually agree to technical and performance specifications (including, but not limited to, the metering configuration for the Project) concerning the design and operation of the facilities required to be installed by the Company in order for the Company to operate in parallel with the APTRANSCO's grid. Thereafter, any change in such specifications shall be subject to mutual agreement of the parties.
- 4.12 The Project shall be operated and maintained in accordance with good and generally accepted utility standards with respect to synchronizing, voltage, frequency and reactive power control.
- 4.13 Voltage regulation shall be such as to enable continued paralleling and synchronisation with the grid voltage at the point of interconnection.
- 4.14 The equipment of the Company shall be designed for fluctuations in the frequency within limits of -5% and +3% of the standard frequency of 50 cycles per second.
- 4.15 The Company shall ensure that the power factor of the power delivered to the APTRANSCO is maintained at or above the Minimum Power Factor as per Tariff Notification, or otherwise pay Surcharge as per Tariff Notification in force.
- 4.16 Any change in rupturing capacity of switchgear, settings of the relays, etc., shall be subject to approval of the APTRANSCO.
- 4.17 As the Project's generator may carry fault currents that may occur on the APTRANSCO's grid, the Company shall provide adequate generator and switchgear protection against such faults. The APTRANSCO is not responsible for damage, if any, caused to the Project's generator and allied equipment during parallel operation of the generator with the APTRANSCO's grid.
- 4.18 The Company shall make a good faith effort to operate the Project in such a manner as to avoid fluctuations and disturbances to the APTRANSCO's grid due to parallel operation with the grid.
- 4.19 The Company shall control and operate the Project. The APTRANSCO shall only be entitled to request the Company to reduce electric power and energy deliveries from the Project during a System Emergency, and then only to the extent that in the APTRANSCO's reasonable judgment such a reduction will alleviate the emergency. The APTRANSCO shall give the Company as much advance notice of such a reduction as is practicable under the circumstances and shall use all reasonable efforts to remedy the circumstance causing the reduction as soon as possible. Any reduction required of the Company hereunder shall be implemented in a manner consistent with safe operating procedures.

Chief Engineer (IPC)  
APTRANSCO, 1, East Gandhi  
Nehru Park, New Delhi 110002

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For K.C.P. Sugar and Industries Corporation Ltd.

General Manager

..)

**ARTICLE 5  
BILLING AND PAYMENT**

- 5.1 For Delivered Energy purchased, the Company shall furnish a bill to the APTRANSCO calculated at the rate provided for in Article 2.2, in such form as may be mutually agreed between the APTRANSCO and the Company, for the billing month on or before the 5th working day following the metering date.
- 5.2 Any payment made beyond the due date of payment, APTRANSCO shall pay interest at a rate of 10% per annum as per existing nationalised bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction.
- 5.3 The APTRANSCO shall pay the bill on monthly basis as per Article 5.1, by opening a revolving Letter of Credit for a minimum period of one year in favour of the Company.
- 5.4 **Letter of Credit:** Not later than 30 days prior to the Scheduled COD of the first Generating Unit, APTRANSCO shall cause to be in effect an irrevocable revolving Letter of Credit issued in favour 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 of one year;
  - (b) 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 APTRANSCO 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;
  - (c) provide that the Company shall have the right to draw upon such Letter of Credit notwithstanding any failure by the APTRANSCO to reimburse the issuer thereof for any draw down made under; and
  - (d) not less than 30 days prior to the expiration of any Letter of Credit, the APTRANSCO 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. The opening charges for Letter of Credit (L/C) and Letter of Credit (L/C) negotiation charges will be borne by the beneficiary i.e., Company.
- 5.5 **Direct Payment:** Notwithstanding the fact that a Letter of Credit has been opened, in the event that through the actions of the APTRANSCO, 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 APTRANSCO to make direct payment of any bill by cheque or otherwise on or before the due date of payment by delivering to the APTRANSCO 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 APTRANSCO shall have the right to make direct payment by cheque or otherwise of any bill such that within 30 days after the date of its presentation to the designated officer of the

  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha  
HYDERABAD-500 082

APTRANSCO, 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.

- 5.6 **Billing disputes:** The APTRANSCO shall pay the bills of the Company promptly subject to the clauses 5.1 and 5.2 above.


The APTRANSCO shall notify the Company in respect of any disallowed amount on account of any dispute as to all or any portion of the bill. The Company shall immediately take up issue with all relevant information with APTRANSCO which shall be rectified by the APTRANSCO, if found satisfactory. Otherwise notify its (APTRANSCO's) rejection of the disputed claim within reasonable time with reasons therefor. The dispute may also be decided by mutual agreement. If the resolution of any dispute requires the APTRANSCO to reimburse the Company, the amount to be reimbursed shall bear interest at 10% per annum from the date of disallowance to the date of reimbursement.

- 5.7 All payments by the APTRANSCO to the Company hereunder shall be made to such address as may be designated by the Company to the APTRANSCO in writing from time to time.


Address : M/s KCP Sugar and Industries corporation Ltd.,  
Ramakrishna Buildings, 183, Anna Salai,  
Chennai - 600 006.

Fax : 044 - 8546617/8555863

Telephone : 044 - 855 5172 to 5176

  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha  
HYDERABAD-500 097

For K.C.P. Sugar and Industries Corporation Ltd.

  
General Manager

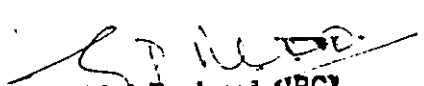
## ARTICLE 6 UNDERTAKING

### 6.1 The Company shall be responsible:

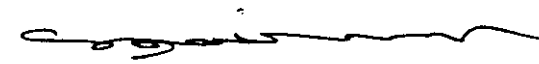
- (i) for the proper maintenance of the project in accordance with established prudent utility practices.
- (ii) for the operation, maintenance, overhaul of the plant, equipment, works, switch yard and transmission lines and equipment up to the Interconnection Point of the project in close coordination with the APTRANSCO.
- (iii) for making all payments on account of any taxes, cesses, duties, or levies imposed by any Government or competent statutory authority on the land, equipment, material or works of the project or on the energy generated or consumed by the project or the Company or on the income or assets of the Company.
- (iv) for obtaining necessary approvals, permits or licences for operation of the project and sale of energy to APTRANSCO there from under the provision of the relevant laws.
- (v) Non-conventional energy projects sanctioned by NEDCAP, which use the generation partially or fully for captive purposes, will have to seek permission from the Commission U/S 21 (3) of Andhra Pradesh Electricity Reform act, 1998 for captive use of the energy generated.
- (vi) for payment of Grid support Charges as fixed by APERC from time to time.
- (vii) the Company have to comply with the provisions of the AP Code of Technical Interface (Grid Code).

### 6.2 The APTRANSCO agrees:

- (i) to make all reasonable efforts for making arrangements for evacuation of power from the project to be completed prior to the Commercial Operation Date of the Project subject to Article 3.
- (ii) for purchase of Delivered Energy from the project as per section 2.2.
- (iii) for providing grid support for the essential load of the power plant and for manufacturing process.

  
Chief Engineer (IPC)  
TRANSCO, Vidyut Soudha  
HYDERABAD-500 032


For K.C.P. Sugarcane Industries Corporation Ltd.

  
General Manager (Administration)

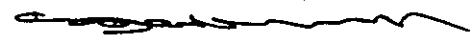


**ARTICLE 7**  
**DURATION OF AGREEMENT**

This Agreement shall be effective upon its execution and delivery thereof between parties hereto and shall continue in force from the Commercial Operation Date (COD) and up to the period permitted by APERC for captive consumption and until the twentieth (20th) anniversary that is for a period of twenty years from the Commercial Operation Date (COD) for sale to APTRANSCO. This Agreement may be renewed for such further period of time and on such terms and conditions as may be mutually agreed upon by the parties, 90 days prior to the expiry of the said period, subject to the consent of the APERC. Any and all incentives/conditions envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of APERC, Government of Andhra Pradesh.

  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha.  
HYDERABAD-500 082

For K.C.P. Sugar and Industries Corporation Ltd.

  
General Manager (Production)

## ARTICLE 8 NOTICES

- 8.1 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, telecopy, telex or telegram addressed as follows:

### If to the Company:

Attention : M/s KCP Sugar and Industries corporation Ltd.,  
Ramakrishna Buildings, 183, Anna Salai,  
Chennai - 600 006.

Fax : 044 - 8546617/8555863

Telephone : 044 - 855 5172 to 5176


### If to the APTRANSCO:

Attention : Chief Engineer,  
Investment Promotion Cell,  
APTRANSCO, Vidyut Soudha,  
Hyderabad - 500 082.

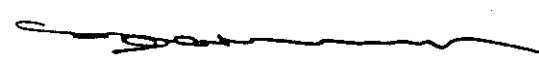
Fax No : 040-23396027

Telephone No : 040-23393304

- 8.2 All notices or communications given by telecopy, 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, including notices given by telecopy, telex or telegram regardless of the date the confirmation of such notice is received.
- 8.3 Any party may by written notice change the address and/or addresses to which such notices and communications to it are to be delivered or mailed.


  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha  
HYDERABAD-500 082

For K.C.P. Sugar and Industries Corporation Ltd.

  
General Manager (Administration)

## ARTICLE 9 DEFAULT

- 9.1 In the event, APTRANSCO commits a breach of any of the terms of this Agreement, the Company shall be entitled to specific performance of this Agreement or claimed such damages as would be available under Law or both, at its option, by giving 30 days notice to APTRANSCO.
- 9.2 In the event, Company commits a breach of any of the terms of this Agreement, the APTRANSCO shall be entitled to specific performance of this Agreement or claimed such damages as would be available under Law or both, at its option, by giving 30 days notice to Company.
- 9.3 If the default continues for a period of 30 days or more, either party will have a right to issue a preliminary notice for termination of this Agreement. If the default is not cured within 30 days thereafter, either party can terminate this Agreement and can claim damages at its option.

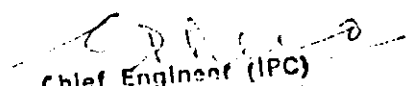
  
Chief Engineer (IPC)  
APTRANSCO, Vidyut Soudha  
HYDERABAD-500 087

For K.C.P. Sugar and Industries Corporation Ltd.

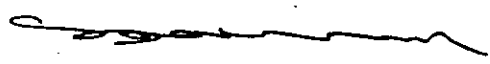
  
General Manager (Genl.)

**ARTICLE 10**  
**SUBSEQUENT COMMISSION / GOVERNMENTAL ACTIONS**

If as a result of any act, restraint or regulation by the AP Electricity Regulatory Commission, State or Central Government Authority, Department, Ministry, whether part of legislative, executive, or judicial branch, the Company's ability to use the energy for Captive consumption can be materially abridged or abrogated, at the request of the Company, APTRANSCO agrees to negotiate in good faith with the Company for an arrangement mutually agreed to by both the parties, whereby, the Company would sell and the APTRANSCO would purchase the energy produced by the Project.

  
Chief Engineer (IPC)  
APTRANSCO, Vidya Soudha  
HYDERABAD-500 082

For K.C.P. Sugar and Industries Corporation Ltd.

  
General Manager

(u)

## ARTICLE 11 SPECIAL PROVISIONS

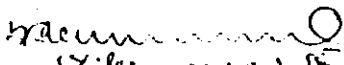
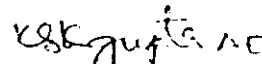
- 11.1 The waiver of any breach or failure to enforce any of the terms, covenants or conditions of this Agreement shall not in any way affect, limit, modify or waive the future enforcement of such terms, covenants or conditions.
- 11.2 No oral or written modification of this Agreement either before or after its execution shall be of any force or effect unless such modification is in writing and signed by the duly authorized representatives of the Company and the APTRANSCO, subject to the condition that any further modification of the Agreement shall be done only with the prior approval of Andhra Pradesh Electricity Regulatory Commission. However, the amendments to the Agreement as per the respective orders of APERC from time to time shall be carried out. All the conditions mentioned in the Agreement are with the consent of APERC.
- 11.3 However, in respect of power evacuation, the voltage levels for interfacing with APTRANSCO's Grid will be as per Article 1.13. The cost of interconnection facilities have to be borne by the Company as per Article 3.
- 11.4 The invalidity or unenforceability for any reason of any provision of this Agreement shall not prejudice or affect the validity or enforceability of any other provision of this Agreement.
- 11.5 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 a waiver of any such provisions or relinquishment of any such rights but the same shall continue in full force and effect.
- 11.6 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, subject to the consent of the APERC.
- 11.7 This Agreement, including Schedule 1, 2A, 2B & 3 attached hereto, constitute the entire agreement between the parties with respect to the subject matter hereof, and there are no oral or written understandings, representations or commitments of any kind, express or implied, not set forth herein.
- 11.8 The headings contained herein are included solely for the convenience of the parties and are not to be used as a basis for interpreting the various sections of this Agreement.
- 11.9 The parties each agree to act in good faith in implementing the terms and conditions of this Agreement and in carrying out their respective obligations hereunder.

- 11.10 In the event of the merger or re-organisation of APTRANSCO, if the resulting entity is able to perform APTRANSCO's obligations hereunder in no less a manner than APTRANSCO, the resulting entity shall take the right and responsibility for performance of APTRANSCO's obligations.
- 11.11 In the event of the merger or re-organisation of Company if the resulting entity is able to perform Company's obligations hereunder in no less a manner than Company, the resulting entity shall take the right and responsibility for performance of Company's obligations.
- 11.12 **Assignment and Financing:** Neither party shall assign this Agreement or any portion thereof to any third party without the prior written consent of the other party which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Company and the APTRANSCO have caused this Agreement to be executed as of the date and the year first set forth above.


For and behalf of  
TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED

WITNESS

1.   
(Y. K. BHATNAGAR)
2.   
(K. S. MAHAN KULIAU GUPTA)

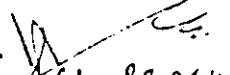
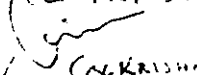
By:

Its:

  
Chief Engineer (IPC)  
TRANSCO, Vidyut Soudha, 21.1.03  
HYDERABAD-500 082.  
For and behalf of

M/s KCP SUGAR AND INDUSTRIES CORPN. LIMITED


WITNESS

1.   
(L. PRASHANTHAR)
2.   
(K. KRISHNAN ADI)

By:

Its:

For K.C.P. Sugar and Industries Corporation Ltd.

  
General Manager (Administration) 24/01/03