



INTER-OFFICE MEMORANDUM

प्रेषक /From: मध्य कर्पोरेट् साख विभाग/Mid Corporate Credit Wing प्रधान कार्यालय/Head Office 112, जे सि रोड, बैंगलूर-2/ 112, J C Road, Bangalore-2 Telephone: 080-22538606/ Ext.106 Fax: 080-22222813 Email: hogsmccw@canarabank.com Our Ref No. : MCCW:GS:22:ETH:2021-22	सेवा में /To The Chief General Managers / General Managers All Circles / LCCW / MSME / Priority Credit Wing
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Date: 08.06.2021

SUB: Financial Assistance to Project Proponents for Enhancement of Ethanol Capacity for producing 1st Generation Ethanol from Feed Stocks

With reference the above subject, Risk Management Committee of the Board vide their orders dated 03.06.2021, has approved the Standard Operating Procedures (SOP) for the above mentioned scheme.

Circles are advised to strictly adhere to the guidelines for financing under this scheme as per the SOP.

We have herewith enclosed the SOP as Annexure I.


S. J. AKUMAR
GENERAL MANAGER


ANNEXURE- I

FINANCIAL ASSISTANCE TO PROJECT PROPONENTS FOR
ENHANCEMENT OF ETHANOL CAPACITY FOR
PRODUCING 1ST GENERATION ETHANOL FROM FEED
STOCKS

STANDARD OPERATING PROCEDURE (SOP)

MID CORPORATE CREDIT WING
HEAD OFFICE
BANGALORE - 560002

(For Internal Use only)



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FINANCIAL ASSISTANCE TO PROJECT PROPONENTS FOR ENHANCEMENT OF ETHANOL DISTILLATION CAPACITY OR TO SET UP DISTILLERIES FOR PRODUCING 1ST GENERATION (1G) ETHANOL FROM FEED STOCKS

Sl. No.	Parameter	SOP
1.	Objective of the Scheme	To facilitate financial assistance to project proponents for enhancement of ethanol distillation capacity or to set up distilleries for producing first generation ethanol from feed stocks.
2.	Assistance under the Scheme (As per Gol Guidelines – Interest Subvention)	<ul style="list-style-type: none"> i. Interest subvention @ 6% per annum or 50% of rate of interest charged by banks which are eligible for re-finance from NABARD, whichever is lower, on the loans extended by banks which are eligible for re-finance from NABARD, shall be borne by the Government of India for five years (including one-year moratorium). ii. The benefit of interest subvention will be provided by the Government only if the account of applicant sugar mill / distillery account is Standard. The benefit will not be available as long as account is NPA. The sugar mill/distillery will be responsible for repayment of interest including penal interest for the period of default along with the principal. iii. Loan accounts settled by borrowers under One Time Settlement scheme/ compromise etc. will not be eligible for interest subvention. iv. Interest subvention under the scheme shall be provided on loan amount sanctioned and disbursed in respect of each project based on the proposed capacity, limited to the in-principle approval by Department of Food and Public Distribution(DFPD). v. Interest subvention would be available to only those distilleries which will supply at least 75% of ethanol produced from the added distillation capacity to OMCs for blending with petrol. vi. In case of grain based distilleries, interest subvention would be applicable only if they are using or will be using dry milling technique to produce DDGS. vii. Assistance shall not be available to sugar mills and distilleries which have availed benefits under any other scheme of Central Government for the same project.



		viii. The DFPD will release the interest subvention amount on quarterly basis in advance to the nodal bank. The interest earned on the interest subvention paid in advance shall be adjusted in the next quarterly instalment.
3.	Eligibility criteria	<p>i. For setting up grain based distilleries / expansion of existing grain based distilleries to produce ethanol.</p> <p>ii. For setting up new molasses based distilleries / expansion of existing distilleries (whether attached to sugar mills or standalone distilleries) to produce ethanol and for installing any method approved by Central Pollution Control Board for achieving Zero Liquid Discharge (ZLD).</p> <p>iii. To set up new dual feed distilleries or to expand existing capacities of dual feed distilleries.</p> <p>iv. To convert existing molasses based distilleries (whether attached to sugar mills or standalone distilleries) to dual feed (molasses and grain / or any other feed stock producing 1G Ethanol) and also to convert grain based distilleries to dual feed.</p> <p>v. To set up new distilleries / expansion of existing distilleries to produce ethanol from other feed stocks producing 1G ethanol such as sugar beet, sorghum, cereals etc.</p> <p>vi. To install Molecular Sieve Dehydration (MSDH) column to convert rectified spirit to ethanol in the existing distilleries.</p>
4.	Type of Loan	Term Loan
5.	Tenor of loan	<p>Tenor of loan shall be as per our bank's extant norms</p> <p>However, payment of interest subvention on loan amount under the scheme will be limited to only 5 years including one year moratorium period.</p>
6.	Assessment / Quantum of Loan	As per extant guidelines subject to margin.
7.	Margin	5% of the project cost (Wherever tripartite agreement amongst the Project Proponent, the bank and the OMC for purchase of ethanol is executed) otherwise as per bank's extant norms.
8.	DSCR	Minimum: 1.10



9.	Pricing	As per card rates as applicable.
10.	Security	<p>Primary Security:</p> <ul style="list-style-type: none"> • Term Loan: First exclusive charge / first Pari-Passu charge on the Company's Fixed Assets, as primary security purchased out of bank finance. <p>Collateral Security: 5% of the loan amount</p> <ul style="list-style-type: none"> • Extension of 1st or 2nd (Pari-Passu) charge on other existing securities or other securities where residual value is available / which are free from encumbrances as the case may be. • Personal guarantees of Promoters / Directors should be obtained for the proposed loan. Waiver may be permitted by the Next Higher Sanctioning Authority.
11.	Risk Advisories about the sector / industry	As per the Risk Management Wing, Head Office communications issued from time to time.
12.	Submission of application to appropriate authority for seeking in principle approval.	<p>Application-cum-proposal on the prescribed Proforma (Annexure-II) shall be submitted by the borrower for in principle approval to the Chief Director (Sugar), Directorate of Sugar and Vegetable Oils Department of Food & Public Distribution (DFPD), Krishi Bhawan, New Delhi.</p> <p>After getting in principle approval, borrower shall approach to the bank for further process.</p>
13.	Time line for processing application received	Within 30 days of receipt of all documents / papers / clarifications.
14.	Disbursement	<p>i. A tri-partite agreement (TPA) among the producers of ethanol (project proponents), OMCs and the lending bank is to be signed as per proforma enclosed as Annexure-III before disbursement.</p> <p>ii. A certificate duly verified by Central Pollution Control Board certifying the zero-liquid discharge will be achieved through the method proposed shall be submitted by the Unit.</p> <p>iii. Opinion report on the suppliers of equipment/ machinery to be obtained as per extant instructions.</p> <p>iv. Disbursement shall be made directly to the suppliers of equipment/ machinery proposed to be installed.</p>



15.	Modalities of the Scheme	<p>i. Loan to be disbursed which are eligible for re-finance from NABARD, within one year from the date of in principle approval by DFPD, failing which the in-principle approval for the project will stand cancelled.</p> <p>ii. The project should be completed within two years from the date of disbursement of first instalment of loan which are eligible for re-finance from NABARD.</p> <p>iii. The applicant should adhere to the time line as specified by DFPD for various activities viz. arrangement of land for the project, submission of application for seeking approval of environmental clearance in parivesh portal of Ministry of Environment, Forest & Climate Change (http://parivesh.nic.in/) and submission of loan application to the bank which are eligible for re-finance from NABARD, updating progress on the DFPD portal (http://sugarethanol.nic.in/) every month, failing which the in-principle approval for the project shall be cancelled by DFPD.</p> <p>iv. While implementing the respective project, the sugar mills / distilleries shall strive to seek convergence with the Make in India scheme of the Government from capacity addition/up- gradation in ethanol production.</p>
16.	Modalities of payment of interest subvention	<p>i. Interest subvention on loan amount under the scheme will be limited to 5 years only, including one-year moratorium period.</p> <p>ii. NABARD has been appointed as the 'Nodal Agency' for interacting with the DFPD and managing the subsidy funded for onward reimbursement to respective Banks.</p> <p>iii. Interest subvention will be released by NABARD on quarterly basis, in advance on furnishing details of disbursement of bank loan. Subsequent instalments will be released in three tranches on a quarterly basis on furnishing of utilization certificate.</p> <p>iv. General Section, Mid Corporate Credit Wing, Head Office will be the nodal office for collating the application for claim and submit the consolidated claim request to NABARD within two weeks of end of a quarter. Individual branches of the bank, shall submit their claims to the MCCW, HO within one week of end of the relevant quarter. Bangalore Town Hall road Branch (DP Code: 8002) will be the nodal branch for parking the subsidy and distributing.</p> <p>v. The Funds released by NABARD, in advance - towards interest subvention, shall be parked in interest bearing account at the Bangalore Town Hall branch (DP Code: 8002)</p>



- vi. The amount shall be released in advance subject to furnishing of disbursement particulars as well as interest earned by the Bank on the amount released in the previous quarter.
- vii. Interest earned on subvention advance shall be adjusted in the quarterly instalments from 2nd quarter onwards.

Modalities to be adopted by our Bank

- i. General section, Mid Corporate Credit Wing, Head Office is identified as a focal point for our Bank for collecting the claim applications for all branches and lodging of claims with DFPD/ NABARD.
- ii. All branches shall submit information in advance to the Nodal branch i.e. Town Hall Branch, Bangalore before disbursement of the loan under the scheme.
- iii. The branches shall certify that the loan has been utilized for the purpose specified as per the scheme only while submitting the claim to MCCW, HO for claiming interest subvention.
- iv. Interest subvention released by NABARD shall be credited to the borrower's loan account within one week from receipt thereof by the identified nodal Bank branch.
- v. General section, Mid Corporate Credit Wing, HO shall submit a consolidated report of claims lodged and interest subvention received within 15 days of receipt of claim amount to NABARD and Department of Food and Distribution, under Department of Financial Services.
- vi. Branch shall ensure submission of the interest claim statement within one week of end of relevant quarter to enable MCCW, HO to lodge the consolidated claim with DFPD/ Head Office of NABARD (Department of Refinance) within two weeks of close of the previous quarter.
- vii. Branches shall obtain a certificate from the Chartered Accountant regarding the correctness of the claim made and submit it to MCCW, HO for onward submission to the Head Office of NABARD along with the interest subvention claim (**Annexure IV**).
- viii. The Nodal branch shall arrange to remit the interest subvention as per the claim laid by the respective branches online for credit to the respective accounts. MCCW will coordinate with Nodal branch on all matters on the administration of subsidy.



17.	Utilization Certificate	<p>The concerned sugar mills / distilleries / entrepreneurs shall submit utilization certificate (Annexure-V) for the sanctioned loan amount within three months of the completion of the project, duly verified by the respective Sugar / Cane Commissioners, Excise Commissioner or any other authority designated by the State Government certifying that the loan amount has been utilized for the purpose specified in the scheme. The said authorities shall also monitor the utilization of the loan.</p> <p>Any failure to submit the utilization certificate shall lead to non-reimbursement of interest subvention by the Central Government.</p>
18.	Project Completion Certificate	<p>i. The concerned entrepreneur / sugar mill / distilleries shall submit a certificate duly verified by Central Pollution Control Board certifying the zero-liquid discharge has been achieved through the method proposed at the time of submitting application for such purpose.</p> <p>ii. Sugar mills / entrepreneur / distilleries availing loan to establish new distilleries or expansion of the existing distilleries, shall submit a 'Completion & Commencement Certificate' duly verified by the Excise Commissioner of the State concerned and a Chartered Engineer certifying respectively that the new distillery has been installed and has commenced production or the expansion of the existing distillery has been completed and enhanced production of ethanol has commenced.</p> <p>Any failure to submit such certificates shall lead to non-reimbursement of interest subvention by the Central Government.</p>
19.	Escrow Mechanism	<p>The tripartite agreement shall ensure that the payment from the OMC is routed through a dedicated escrow mechanism whereby it is to be ensured to deduct the amount of instalment for repayment of loan and the interest (after deducting the interest subvention amount to be paid by the Government) after which the balance is to be released to the concerned Project Proponent's account for its other uses. The exercise will be carried out every month.</p>
20.	Operational Guidelines	<p>i. Purchase agreement executed between the OMCs and Project Proponent to be scrutinized and ensured that there is nothing against the interest of the bank.</p> <p>ii. To be ensured that the margin for term loan for ethanol project is brought by the borrower upfront and source of margin ensured.</p> <p>iii. Under no circumstances, the working capital limits sanctioned for manufacturing sugar shall be diverted for ethanol productions.</p> <p>ix. The ethanol manufactured should be sold to Oil Marketing Companies</p>



(OMC). Further, Interest subvention would be available to only those distilleries which will supply at least 75% of ethanol produced from the added distillation capacity to OMCs for blending with petrol.

- iv. A tri-partite agreement (TPA) among the producers of ethanol (Project proponent), OMCs and the bank is to be signed. **The proforma is attached (Annexure-III).**
- v. In respect of entities with separate revenue streams, the borrower shall submit balance sheet for the company as a whole as well as divisions wise balance sheet covering the ethanol division for the purpose of assessment of limits.
- vi. In case of any exigencies or problems in supplies, because of which the revenue generation is lower than the amount of repayment of loans and interest, the sugar mill / distilleries / entrepreneur has to undertake to service the debt and interest from its other sources of income.
- vii. All environment clearances to be obtained before disbursement.
- viii. DSRA to the extent of three months' repayment (of principal + interest) is to be built up within one year of commencement of commercial production.
- ix. In case of Consortium / Multiple Banking Arrangement, participating banks will sanction loans under the scheme in the same proportion as their share in the existing working capital limits and remit the amount to the separate account to be opened with the lead bank / lender. The lead bank / lender will disburse the full amount of loan to the borrowing unit and obtain the utilization certificate on behalf of all the lenders.
- x. In case of Consortium / MBA, our terms of sanction / disbursement shall not be inferior to those stipulated by other banks.
- xi. While assessing the viability of the project vis-à-vis repayment capacity, any government notification regarding tagging of ethanol prices shall be accounted for.
- xii. In the event of surplus cash flow with the Project proponent, accelerated payments may be decided and the interest subvention liability of DFPD towards loan account would accordingly get reduced.
- xiii. TEV study to be done as per bank's extant instructions.

All other Terms & Conditions of the Bank which are applicable to the type



		of facilities other than specifically permitted for the scheme to be complied, which includes but not limited to the Delegation of Power of Sanctioning of such facility.
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APPLICATION FROM THE SUGAR FACTORY/DISTILLERY / ENTERPRENEURS FOR FINANCIAL ASSISTANCE FOR ENHANCEMENT OF THEIR ETHANOL DISTILLATION CAPACITY OR TO SET UP DISTILLERIES FOR PRODUCING 1ST GENERATION (1G) ETHANOL FROM FEED STOCKS SUCH AS CEREALS (RICE, WHEAT, BARLEY, CORN & SORGHUM), SUGARCANE, SUGAR BEET ETC.

A. Brief details of the project proponents

1	(a) Name of the sugar factory/distillery/undertaking / society/ company/individual	
	(b) Complete address	
	(c) e-mail	
	(d) Mobile No.	
	(e) District	
	(f) State	
2	Short name & plant code of the sugar factory attached with distillery	
3	Date of commencement of ethanol production of the sugar mill/existing distillery (if any)	
4	(a) Production capacity of alcohol of the existing distillery	
	(b) Production capacity of ethanol of the existing distillery, if any	
	(c) Number of operating days/annum of existing distillery	
5	Status of SDF dues, if any (in case of sugar factory)	



B. Information relating to proposal for setting-up of new distillery/expansion of existing distillery/ installation Molecular Sieve Dehydration (MSDH) column

1	Proposal submitted for (specify the category under which application is submitted; refer Para 1 of the notification)	
2	Capacity of the proposed new distillery in KLPD	
3	Proposed expansion capacity for expansion of existing distillery in case of expansion project (fromKLPD toKLPD)	
4	Whether the new distillery / expansion of the existing distillery is proposed to be installed with zero liquid discharge system?	Yes / No
5	Financial assistance requested for new distillery / expansion of the existing distillery project including basic price and applicable taxes etc.	
6	Name of the lending bank/branch.	
7	Whether SDF assistance has been availed for similar project in case of sugar mills?	Yes / No
8	Proposed days of operation on setting up of new distillery / expansion of the existing distillery/ installation of Molecular Sieve Dehydration (MSDH) column.	
9	Proposed date of completion of new plant / expansion of existing plant/ installation of Molecular Sieve Dehydration (MSDH) column.	DD/Month/year
10	Expected date of commencement of ethanol production for the proposed new distillery or expanded distillery as the case may be.	DD/Month/Year
11	Whether proposed new distillery / plants and machineries for expansion of the existing distillery are procured from indigenous source (if not, reasons for the same)?	Yes / No

Signature

(Name.....)

Seal / Stamp



TRIPARTITE AGREEMENT

Dated _____

AMONG

(Project Proponent)

AND

CANARA BANK
(the Escrow Agent)

AND

(Oil Marketing Company)



TRIPARTITE AGREEMENT

THIS AGREEMENT is executed and entered into on this _____ day of the month of in theyear amongst :

1. _____, a company duly incorporated and validly existing under the Companies Act 1956 / Companies Act 2013 with Corporate Identification Number _____ and having its registered office at _____ (hereinafter referred to as the “**Project Proponent**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns; executors, administrators)
2. **Canara Bank**, a body corporate (incorporated under the Banking Companies Acquisition and Transfer of Undertakings Act-1970) and having its Registered Office at 112, JC Road, Bengaluru, hereinafter referred to as “**Canara Bank**” acting through its _____ Branch, at _____ (hereinafter referred to as the “**Escrow Agent**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns, executors, administrators) and
3. _____, a company duly incorporated and validly existing under the Companies Act 1956 / Companies Act 2013 with corporate identification Number _____ and having its registered office at _____, (hereinafter referred to as the “**Oil Marketing Company/OMC**”, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns, executors, administrators) and

[The **Project Proponent**, the **Escrow Agent** and the **Oil Marketing Company** are hereinafter collectively referred to as the “**Parties**” and individually as the “**Party**”]

WHEREAS:

1. The Project Proponent has availed credit facilities (hereinafter called “**the Facility**”) from Canara Bank under the interest subvention scheme of Government of India pursuant to arrangement letter financing and security agreements executed by the Project Proponents in favour of Canara Bank. The details of the Facility, the arrangement letter and the financing and security agreements are given in **Schedule** hereunder.



2. The OMC has entered into a Purchase Agreement (*as defined hereunder*) whereunder the OMC has agreed to purchase Ethanol from the Project Proponent for such volume and at the rates as stated in the Purchase Agreement. The Project Proponent has represented that the Purchase Price (*as defined hereunder*) at least exceeds the Instalment and Interest of the Facility under the Facility Agreement (*as defined hereunder*)

3. In order to ensure due repayment of the Facility together with interest and all other amounts due and payable by the Project Proponent to Canara Bank in respect of the Facility the Project Proponent and the OMC have agreed that the entire payments made in respect of the Ethanol purchased by the OMC from the Project Proponent shall be remitted to an Escrow Account to be opened with the Account Bank and that the Account Bank shall withdraw the amount of Debt Payment Amounts (as hereinafter defined) in priority to allowing all other payments to the Project Proponent in the manner and as per terms and conditions contained hereunder:

NOW THEREFORE, in furtherance of the transaction contemplated hereby and in consideration of the mutual covenants of the parties hereto set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. INTERPRETATIONS

1.1 Definitions

Unless the context indicates a contrary intention all capitalized terms used herein that are not otherwise defined elsewhere in this Agreement shall have the respective meanings ascribed hereunder:

Authorised Representative in relation to a Party means the person who is duly authorised to act on behalf of the relevant Party.

“Project proponent” means Sugar Mills/Distilleries/Entrepreneurs availing financial assistance from the Bank for setting up new distilleries/expansion of distilleries to produce ethanol under the government “scheme for extending financial assistance to project proponents for enhancement of ethanol distillation capacity or set up distilleries for products of 1st generation ethanol from feed stocks such as cereals, sugarcane, sugar beet etc”.

Business Day means a day on which commercial banks including, but not limited to the Escrow Agent are open for normal business in Mumbai.



Debt Payment Amount means the Interest and the Instalment that is due each month from the Project Proponent to Canara Bank under the Facility Agreement

Due Date(s) shall mean, in respect of

- (a) each Instalments, the Instalment Payment Dates;
- (b) Interest, the Interest Payment Dates;

Escrow Account has the meaning set out to such term in Clause 3.1 hereof.

Escrow Amount means the money lying to the credit of the Escrow Account for the time being and from time to time.

Facility means the term loan facility described in detail in the Schedule.

Facility Account means the term loan account maintained by the Project Proponent with Canara Bank in respect of the Facility.

Facility Agreement shall mean the Facility Agreement dated < *put date* > executed by the Project Proponent in favour of Canara Bank for availing the Facility as detained in Schedule I hereunder

Force Majeure Event means any event (including but not limited to an act of God, fire, epidemic, explosion, floods, earthquakes, typhoons; riot, civil commotion or unrest, insurrection terrorism, war, strikes or lockouts; nationalisation, expropriation or other related governmental actions; any law, order or regulation of a governmental, supranational or regulatory body; regulation of the banking or securities industry including changes in market rules, currency restrictions, devaluations or fluctuations; market conditions affecting the execution or settlement of transactions or the value of assets; and breakdown, failure or malfunction of any telecommunications, computer services or systems, or other cause) beyond the control of any Party which restricts or prohibits the performance of the obligations of such Party contemplated by this Agreement.

Final Settlement Date shall mean the date on which the entire dues payable by the Project Proponent to Canara Bank under the Facility Agreement have been paid, discharged or performed in full to the satisfaction of Canara Bank and there are no sums which are owed,



even contingently, to Canara Bank by the Project Proponent as evidenced by a no dues certificate being issued by Canara Bank.

Interest means the amount of monthly interest payable by the Project Proponent to Canara Bank under the Facility Agreement subject to adjustment of subvention (if any) of the Government of India under the Interest Subvention Scheme.

Instalment means the amount of monthly / quarterly instalment (as the case may be) of the Facility in terms of repayment schedule in the Facility Agreement

Interest Payment Date shall mean the first day of each calendar month occurring after the initial disbursement date until the Final Settlement Date.

Instalment Payment Date means the last day of the month for which the interest is due

Party means any party to this Agreement.

Purchase Agreement means agreement dated <put date> entered into between the Project Proponent and the OMC where under the OMC has agreed to purchase from the Project Proponent, ethanol or other item agreed between the Project Proponent and OMC against payment of Purchase Price.

Purchase Price means all amounts payable by OMC to the Project Proponent under the Purchase Agreement for supply of ethanol by the Project Proponent to OMC from time to time during the subsistence of the Purchase Agreement.

2. **Appointment of Escrow Agent.**

The Project Proponent and the OMC jointly designate Canara Bank as described in the description of Parties as the escrow agent (the “**Escrow Agent**”) for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment and agrees to accept, hold and disburse the Escrow Amount in accordance with the terms and conditions hereof. All references to the “**Escrow Agent,**” as that term is used herein, shall refer to the Escrow Agent solely in its capacity as such, and not in any other capacity whatsoever, whether as individual, agent, fiduciary, trustee or otherwise.



3. Establishment and Maintenance of Escrow Account

3.1 The Escrow Agent confirms that it has opened the escrow account, the details of which are set out below (the “**Escrow Account**”) in the name of the Project Proponent and OMC in accordance with the terms and conditions of this Agreement.

<Name of Project Proponent> Escrow Account, having Account Number *<put escrow account no.>* denominated in INR.

3.2 The Escrow Agent holds all money forming part of the Escrow Amount as banker subject to the terms and conditions of this Agreement, and as a result such money will not be held in accordance with the fixed deposit account rules of the Canara Bank.

3.3 The Parties undertakes to provide to the Escrow Agent all documentation and other information required by the Escrow agent from time to time to comply with all applicable regulations in relation to the Escrow Account forth with upon request by the Escrow Agent.

4. Deposit of Escrow Amount

4.1 The Project Proponent will raise an invoice on the OMC after dispatch of ethanol as soon as time is due for raising of invoice to OMC and ensure that OMC remits the entire Purchase Price for dispatch of ethanol by Project Proponent to OMC in the Escrow Account No..... maintained with Escrow Agent within such period as stipulated in the Purchase Agreement by means of NEFT/RTGS etc.

4.2 OMC shall ensure that the entire Purchase Price shall be remitted / credited to the Escrow Account without any deduction or rebate and that till the Final Settlement Date no amount shall be paid by OMC directly to the Project Proponent under the Purchase Agreement. Provided however, the obligation of the OMC under this clause shall be limited to the obligation of the OMC under the Purchase Agreement for payment of Purchase Price.

4.3 Project Proponent hereby authorises OMC to remit the entire Purchase Price to the Escrow Account and such payment by OMC to the Escrow Account shall be construed as due discharge by OMC of its obligation for payment of price of ethanol to the Project Proponent under the Purchase Agreement for the amount of ethanol supplied by the Project Proponent to the OMC as per invoice raised by the Project Proponent on the OMC.



- 4.4 All amounts deposited as per clause 4.1, 4.2 and 4.3 hereinabove and held in the Escrow Account and credited to the Escrow Account from time to time shall be deemed to form part of the Escrow Amount.
- 4.4 The Escrow Amount lying to the credit of the Escrow Account will not bear any interest, unless the Escrow Amount is kept deposited, at the request of the Project Proponent, as term deposits of Canara Bank for such time as may be required by. However, the amount equivalent to Debt Payment Amount shall not be liable for being kept in term deposit.
- 4.5 The Project Proponent as well as the OMC agrees that the Escrow Agent has no responsibility whatsoever to ensure that the OMC deposits the Purchase Price to the Escrow Account.

5. Withdrawal from Escrow Account

- 5.1 The Project Proponent authorises the Escrow Agent that from the Escrow Amount an amount equivalent to__ month's Debt Payment Amount shall be held back by the Escrow Agent and that on each Due Date the Escrow Agent shall withdraw the Debt Payment Amount so held back and shall credit to the Facility Account towards payment of Interest and Instalment of the Facility.
- 5.2 The Project Proponent shall be allowed by the Escrow Agent to withdraw from the Escrow Account the balance remaining in the Escrow Account after compliance of the stipulation of clause 5.1 above. However, if the Escrow Amount falls short of the Debt Payment Amount for the next Due Date the Project Proponent shall not be entitled with withdraw any amount from the Escrow Account till such time as the balance in the Escrow Account exceeds the Debt Payment Amount and such withdrawal by the Project Proponent shall be limited to the balance in the Escrow Amount which is in excess of month's Debt Payment Amount.

6. Tax Matters.

The Project Proponent and the OMC agree that, for Tax reporting purposes, all taxable interest on or other income, if any, attributable to the Escrow Amount shall be allocable to the Project Proponent. All income earned from the cash and investments of the Escrow Amounts held in the Escrow Accounts shall be taxable to the Project Proponent and shall be reportable by the Escrow Agent to the income tax or any other taxing authority, whether or



not such income has been distributed during such year. The Escrow Agent shall have no responsibility for the preparation and/or filing of any tax or information return with respect to any transactions, whether or not related to this Agreement that occurs outside the Escrow Amount.

7. Rights, Obligations and Indemnification of the Escrow Agent.

7.1 In performing any of its duties under this Agreement, or upon the claimed failure to perform its duties hereunder, the Escrow Agent shall not be liable to anyone for any damages, losses, or expenses that such party may incur as a result of the Escrow Agent so acting or failing to act (save except for damages arising out of its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction). Accordingly, the Escrow Agent shall not incur any such liability with respect to: (i) any action taken or omitted to be taken in good faith and without gross negligence or willful misconduct; or (ii) any action taken or omitted to be taken in reliance (including reliance not only as to a document's due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information contained therein) upon any document, including any written notice, request or instruction provided for in this Agreement, that the Escrow Agent shall in good faith and with exercise of due care believe to be genuine without inquiry and without requiring substantiating evidence of any kind, to have been signed or presented by a proper Person or Persons and to conform with the provisions of this Agreement.

The Escrow Agent shall not be responsible for any loss or damage, or failure to comply or delay in complying with any duty or obligation, under or pursuant to this Agreement arising as a direct or indirect result of any Force Majeure Event or any event if where, in the reasonable opinion of the Escrow Agent, performance of any duty or obligation under or pursuant to this Agreement would or may be illegal or would result in the Escrow Agent being in breach of any law, rule, regulation, or any decree, order or judgment of any court, or practice, request, direction, notice, announcement or similar action (whether or not having the force of law) of any relevant government, government agency, regulatory authority, stock exchange or self-regulatory organisation to which the Escrow Agent is subject;

7.2 The Project Proponent hereby agree to indemnify and hold the Escrow Agent and its directors, officers, agents and employees (collectively, the “**Escrow Agent Indemnitees**”)



harmless from and against any and all claims, liabilities, losses, debts, actions, damages, fines, penalties and expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses (“**Escrow Agent Losses**”) that may be imposed on, incurred by, or asserted against, the Escrow Agent Indemnitees or any of them in connection with or arising out of (i) the Escrow Agent’s performance under this Agreement; provided that the Escrow Agent has acted in good faith and without gross negligence or wilful misconduct. The provisions of this Clause 7.2 shall survive the termination of this Agreement.

8. Non absolve of Project Proponent

The Project Proponent agrees that the authority granted to the Escrow Agent under clause 5.1 of this Agreement for withdrawal of Debt Payment Amount for credit to Facility Account on each Due Date shall not absolve the Project Proponent from its obligation for payment of any or all amounts due by the Project Proponent to Canara Bank under the Facility Agreement and that in case of inability of the Escrow Agent for any reason including but not limited to insufficiency of balance in the Escrow Account or if any part of the Escrow Amount is at any time attached, garnished or levied upon under any court order, or operation of the Escrow Account is stayed or enjoined by any court order, or any order, judgment, award or decree shall be made or entered by any Court or Tribunal of Competent Jurisdiction affecting the Escrow Account, then in any of such events, the Escrow Agent shall provide the Project Proponent and the OMC with prompt written notice of any such events and the Project Proponent shall forthwith arrange for payment of Interest and Instalment of the Facility in terms of the Facility Agreement.

9. Fees.

The Project Proponent shall be liable for the fees and expenses of the Escrow Agent for so long as any portion of the Escrow Amount is held by the Escrow Agent hereunder. The amount of such fees shall be agreed upon between the Project Proponent and the Escrow Agent at the time of execution of this Agreement and such amount shall be construed as fees for the purpose of this clause 8. The Escrow Agent shall have, and is hereby granted, a prior lien upon the Escrow Amount with respect to its unpaid fees, non-reimbursed expenses.

10. Notices and Instructions.

Any notices, account statements, consents or other communication required to be sent or given hereunder by any of the parties hereto or Canara Bank shall in every case be in



writing in English and be sent or given to each party referenced below, and shall be deemed properly served if (a) delivered personally, (b) delivered by a recognized overnight courier service, or (c) sent by facsimile transmission with a confirmation copy sent by overnight courier, in each case, to the parties at the addresses and facsimile numbers as may be furnished in writing by each Party to the other. A communication given but received on non-business day or after close of business on business day in the place of receipt will only be deemed to be given on the next Business Day in that place.

11. Governing Law.

This Agreement and the rights and obligations of the parties hereto hereunder shall be governed in all respects, including validity, interpretation and effect, by the laws of India.

12. Amendment and Waiver.

This Agreement may be amended, or any provision of this Agreement may be waived, provided that any such amendment or waiver will be binding on a party hereto only if such amendment or waiver is set forth in a writing executed by all the Parties.

13. Termination.

This Agreement shall continue till the Final Settlement Date and OMC shall be discharged of its obligation under clause 4.2 of this Agreement upon receipt of a intimation from Canara Bank that the OMC stands discharged of its obligation under said clause 4.2.

14. Assignment of Interests.

No assignment of the interest of any of the Parties hereto shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be filed with and acknowledged by the Escrow Agent.

15. Non liability of OMC

Canara Bank shall have no recourse against OMC and OMC shall not be liable to any Party for default by the Project Proponent of its obligation of repayment of dues under the Facility Agreement or for any other breach thereof and the obligation of the OMC shall be limited to deposit of the Purchase Price in the Escrow Account as per terms of this Agreement.



SCHEDULE

<state the details of the Facility>

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above by the duly Authorised Representatives of Parties as stated hereunder.

**For and on behalf of
Project Proponent**

By: _____

Name:

Title:

ESCROW AGENT:

**For and on behalf of:
CANARA BANK**

By: _____

Name:

Title:

**For and on behalf of :
OMC**

By: _____

Name:

Title:





ANNEXURE- IV – CA CERTIFICATE FORMAT

CERTIFICATE OF CORRECTNESS OF INTEREST SUBVENTION CLAIMS FROM THE INDEPENDENT CHARTERED ACCOUNTANT ENGAGED BY THE BANK

(To be furnished with each quarterly claim of the branch)

Reference No.

I / We(Name of Chartered Accountant / Firm of Chartered Accountants) have verified the interest subvention claim of..... (Name of the branch) of(Name of the bank) under the Scheme for extending financing assistance to Sugar Mill/ Distilleries/entrepreneurs for Enhancement of Ethanol Production Capacity for the quarter endedhas been checked and found correct in respect of the following sugar factories.

Name of the Units	Loan A/c	Amount of interest claimed.
1.
2.
3.
4.
	Total

Signature.....

Membership No.....

Name of Chartered Accountant.....

(Affix Seal)

Place:

Date:





ANNEXURE – V – UTILIZATION CERTIFICATE

UTILIZATION CERTIFICATE TO BE SUBMITTED BY THE SUGAR MILLS/DISTILLERIES/
ENTREPRENEURS DULY VERIFIED BY THE CONCERNED SUGAR/CANE
COMMISSIONER, EXCISE COMMISSIONER OR ANY OTHER AUTHORITY DESIGNATED
BY THE STATE GOVERNMENT

Name of Sugar Mill/ Entrepreneur / Distilleries &
Address.....

...

Plant Code.....

This is to certify that an amount of Rs.....(Rupees.....)
disbursed in the A/c No.maintained by (Bank Name with
Branch Name)..... on (Date).....towards the
loan raised by the Sugar mill / Distilleries / Entrepreneur for purchase of machinery /
setting up of plant under the scheme for extending financial assistance for enhancement
of their ethanol distillation capacity or to set up distilleries for producing 1st Generation
(1G) ethanol from feed stock such as cereals (rice, wheat, barley, corn & sorghum),
sugarcane, sugar beet etc.

Authorized signatory of the Sugar Mill /

Distilleries / entrepreneurs

Name-

Designation-

Date:

Place:

Commissioner of Sugar / Cane, Excise Commissioner or any other authority designated
by the State Government

Date:

Place:

Statutory auditor of the factory

Name-

Designation-

Date:

Place:



