



INTEGRATED RISK MANAGEMENT DIVISION- CREDIT POLICY SECTION
HEAD OFFICE, PLOT NO.4, SECTOR-10, DWARKA, NEW DELHI-110075

L & A
Cir. No. 92 /2021

TO ALL OFFICES

CPY- 15 / 31

Date: 28-05-2021

In supersession of IRMD (L&A) Circulars	
No.	Date
110/2018	03.11.2018
127/2019	15.11.2019
123/2020	02.07.2020

LOANS & ADVANCES CIRCULAR NO. 92 /2021

- 1. Modification in guidelines for Extending Financial Assistance to Sugar Mills for Enhancement and Augmentation of Ethanol Production Capacity**
- 2. Guidelines for Extending 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**

Attention is invited to Guidelines for Extending Financial Assistance to Sugar Mills for Enhancement and Augmentation of Ethanol Production Capacity which were circulated vide L&A Circular No. 110/2018 dated 03.11.2018 and subsequent circulars issued from time to time.

- The Central Government with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) programme, notified the scheme namely **“Scheme for Extending Financial Assistance to Sugar Mills for Enhancement and Augmentation of Ethanol Production Capacity.”**
- The Department of Food and Public Distribution (DFPD), Ministry of Consumer Affairs, Food and Public Distribution, Government of India (GoI) with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) Programmes has notified a modified scheme **“Scheme for extending financial assistance to project proponents 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.”**

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4. To achieve the ethanol blending target of Govt. of India of 20% by 2025, around 1200 crore litres of alcohol / ethanol would be required. Out of total requirement of 1200 crore litres, 700 crore litres is required to be supplied by sugar industry and 500 crore litres need to be supplied by grain based distilleries.
5. In the scheme, the Government has introduced the concept of Tripartite Agreement (TPA) among producers of Ethanol (sugar mills), buyers of Ethanol [Oil Marketing Companies (OMCs)] and the lenders (Banks) with an Escrow Account mechanism to mitigate the perceived risk. This is a unique feature of the scheme which shall ensure security of timely payment of Bank's dues.
6. Keeping in view of the scheme notified by the Government of India, CRMC in its meeting held on 24.05.2021, has approved the following guidelines which are enclosed as Appendices:

S N	Particulars	Appendix
1	Modifications in existing guidelines for extending financial assistance for enhancement and augmentation of ethanol production capacity	Appendix - I
2	Updated Guidelines cum Standard Operating Procedure for Extending Financial Assistance to Sugar Mills for Enhancement and Augmentation of Ethanol Production Capacity	Appendix – II
3	Guidelines cum Standard Operating Procedure for Extending Financial Assistance to Project Proponents for Enhancement of Ethanol distillation capacity or to set up distilleries for producing 1 st Generation (1G) Ethanol from Feed Stocks	Appendix - III

7. All concerned are advised to note the guidelines for meticulous compliance. All Inspecting Officials are advised to note the guidelines to ensure its compliance. In case of non-compliance of mentioned guidelines the issue of non-compliance may be flagged / reported to the competent authority for taking further action in the matter.

**(ASHUTOSH CHOUDHURY)
GROUP CHIEF RISK OFFICER**

**INDEX: 1. ADVANCES TO SUGAR INDUSTRY
2. SELECTIVE CREDIT CONTROLS**

**MODIFICATIONS IN THE GUIDELINES FOR EXTENDING FINANCIAL ASSISTANCE FOR
ENHANCEMENT AND AUGMENTATION OF ETHANOL PRODUCTION CAPACITY**

SN	Parameters	Existing Guidelines	Revised Guidelines
1.	Eligibility	<p>i. Existing distilleries attached with the sugar mills</p> <p>ii. All the Sugar mills are eligible for assistance to set up new distilleries including expansion of capacity of existing distilleries attached with sugar mills,</p> <p>iii. As the assistance is credit linked, the concerned sugar mill should be eligible to receive bank loan for installing the project at (i) and (ii).</p> <p>iv. Assistance shall not be available to sugar mills which have availed benefits under any other scheme of Central Government for the same project</p>	<p>i. No Change</p> <p>ii. No Change</p> <p>iii. No Change</p> <p>iv. No Change</p>
2.	Margin	As per Bank's Guidelines (i.e. 25%)	5% of the Term Loan Project Cost wherever tripartite agreement amongst the manufacturer, the bank and the OMC for purchase of ethanol is executed.
3.	Security	<p>Primary Security First exclusive charge / first pari passu charge on its Fixed Assets, as primary security purchased out of bank finance</p>	<p>Primary Security No Change</p> <p>Collateral Security: 5% of the loan amount</p> <ul style="list-style-type: none"> ▪ Extension of 1st / 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 (excluding Nominee/ Professional/

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SN	Parameters	Existing Guidelines	Revised Guidelines
			Independent Director) should be obtained for the proposed loan. Waiver may be permitted by the Sanctioning Authority.
4.	Disbursement	i. The borrower shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved through the method proposed.	i. No Change ii. A Tri-Partite Agreement (TPA) among the producers of ethanol sugar mills), OMCs and the lending bank is to be signed as per Annexure-IV before disbursement. iii. Opinion report on the suppliers of equipment/ machinery to be obtained as per extant instructions. iv. Disbursement shall be made direct to the suppliers of equipment/ machinery proposed to be installed. v. The loan shall be disbursed after clearance of Pre-Disbursement Compliance (PDC).
5.	Escrow Mechanism	New Addition	The tripartite agreement shall ensure that the payment from the Oil Marketing Companies (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 sugar mill's account for its other uses. The exercise will be carried out every month.
6.	Operational Guidelines	New Addition	i. Purchase agreement executed between the OMCs and Sugar Mill to be scrutinized and ensured that there is nothing against the interest of the bank. ii. It should be ensured that the margin for term loan is brought by the borrower upfront and source of margin be ensured.

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SN	Parameters	Existing Guidelines	Revised Guidelines
			<p>iii. The ethanol manufactured should be sold to Oil Marketing Companies (OMC).</p> <p>iv. Under no circumstances, the working capital limits sanctioned for manufacturing sugar shall be diverted for ethanol productions.</p> <p>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.</p> <p>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 has to undertake to service the debt and interest from its other sources of income.</p> <p>vii. DSRA to the extent of three months repayment (of Principal + Interest) is to be built up within one year of commencement of commercial production.</p> <p>viii. 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.</p> <p>ix. In case of Consortium / MBA, our terms of sanction / disbursement shall not be inferior to those stipulated by other banks.</p> <p>x. While assessing the viability of the project vis-à-vis repayment capacity, any government notification regarding tagging of ethanol prices shall be accounted for.</p>

**UPDATED GUIDELINES CUM STANDARD OPERATING PROCEDURE (SOP) FOR
EXTENDING FINANCIAL ASSISTANCE TO SUGAR MILLS FOR ENHANCEMENT AND
AUGMENTATION OF ETHANOL PRODUCTION CAPACITY**

SN	Parameters	Particulars
1.	Objective	<ul style="list-style-type: none"> i. Augmentation of ethanol production capacity by setting up of new distilleries attached with sugar mills ii. Expansion of the capacity of the existing distilleries attached with sugar mills.
2.	Eligibility	<ul style="list-style-type: none"> i. Existing distilleries attached with the sugar mills ii. All the Sugar mills are eligible for assistance to set up new distilleries including expansion of capacity of existing distilleries attached with sugar mills, iii. As the assistance is credit linked, the concerned sugar mill should be eligible to receive bank loan for installing the project at (i) and (ii). iv. Assistance shall not be available to sugar mills which have availed benefits under any other scheme of Central Government for the same project.
3.	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, whichever is lower, which shall be borne by the Central Government for five years (including one-year moratorium) ii. 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) iii. 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.
4.	Submission of application to appropriate authority for seeking in principle approval	<p>Application-cum-proposal in the prescribed Proforma (Annexure-I) shall be submitted by the borrower for in principle approval to the Director (Sugar), Directorate of Sugar and Vegetable Oils Department of Food & Public Distribution (DFPD), Krishi Bhawan, New Delhi.</p> <p>After getting in principal approval, borrower shall approach to the lending bank for further process.</p>
5.	Modalities of the Scheme	<ul style="list-style-type: none"> i. The applicant should get the loan disbursed from the bank within 2 years or as stipulated by the nodal agency from the date of in-principle approval by DFPD, failing which the in-principle approval for the project will stand cancelled.

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SN	Parameters	Particulars
		<p>ii. The project should be completed within 2 years from the date of disbursement of 1st instalment of loan from bank.</p> <p>iii. Disbursement of loan under the scheme shall be in a separate loan account so that the utilization of the money for the said purpose is easily monitored. The disbursement shall be reported to Head Office, NABARD & DFPD in the prescribed proforma (Bank Form – I).</p>
6.	Type of Facility	Term Loan
7.	Tenor of Loan	Door to Door Tenor shall not exceed 8 Years. HOCAC-I and above may permit door to door tenor upto 10 years on case to case basis. However, payment of interest subvention on loan amount under the scheme will be limited to only 5 years including one year moratorium period
8.	Margin	5% of the loan amount wherever tripartite agreement amongst the manufacturer, the bank and the OMC for purchase of ethanol is executed.
9.	Sanctioning Authority	ZOCAC-I and above as per their vested Lending Powers
10.	Assessment / ROI/ Upfront Fee/ Other Charges	As per bank's extant guidelines / instructions applicable for term loans
11.	DSCR	<p>As per guidelines on benchmark ratios i.e. Average $\geq 1.50:1$ however it should not be below 1.10:1 in any year.</p> <p>Competent Authority may relax the ratio as per L&A circular no. 10/2021 dt. 07.01.2021 subject to condition that DSCR should not be below 1.10:1 in any year</p>
12.	Credit Risk Rating	As per IRMD Guidelines
13.	Security	<p>Primary Security</p> <p>First exclusive charge / first pari passu charge on its Fixed Assets, as primary security purchased out of bank finance.</p> <p>Collateral Security: 5% of the loan amount</p> <ul style="list-style-type: none"> ▪ Extension of 1st / 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 (excluding Nominee/ Professional/ Independent Director) should be obtained for the proposed loan. Waiver may be permitted by the Sanctioning Authority.

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SN	Parameters	Particulars
14.	Disbursement	<ul style="list-style-type: none"> i. A tri-partite agreement (TPA) among the producers of ethanol sugar mills), OMCs and the lending bank is to be signed as per Annexure-IV before disbursement. ii. The borrower shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved through the method proposed. iii. While implementing their respective projects, the sugar mills/distilleries shall strive to seek convergence with the Make in India scheme of the Government for capacity addition/up-gradation in ethanol production iv. Opinion report on the suppliers of equipment/ machinery to be obtained as per extant instructions. v. Disbursement shall be made direct to the suppliers of equipment/ machinery proposed to be installed. vi. All environment clearances to be obtained before disbursement. vii. The loan shall be disbursed after clearance of Pre Disbursement Compliance (PDC).
15.	Project Completion Certificate	<ul style="list-style-type: none"> i. The concerned distilleries attached with sugar mills shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved through the method proposed at the time of submitting application for such purpose. ii. Sugar mills availing loan to establish new distilleries or expansion of the existing distilleries shall submit a certificate duly verified by the Excise Commissioner of the State concerned and the Chartered Engineer certifying respectively that the new distillery has commenced production and has been installed or expansion of the existing distillery has been completed and enhanced production of ethanol has commenced. Any failure to submit such certificates shall lead to non-reimbursement of interest subvention by the Central Government. iii. Sugar mills availing loan shall submit a 'Completion & Commencement Certificate' in the format prescribed at Annexure-III duly verified by the Excise Commissioner of the State concerned and a Chartered Engineer certifying 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. iv. Any failure to submit such certificates shall lead to non-reimbursement of interest subvention by the Central Government.

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SN	Parameters	Particulars
16.	Utilization Certificate	The concerned sugar mills shall submit utilization certificate (Annexure-II) 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. Any failure to submit the utilization certificate shall lead to non-reimbursement of interest subvention by the Central Government.
17.	Escrow Mechanism	The tripartite agreement shall ensure that the payment from the Oil Marketing Companies (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 sugar mill's account for its other uses. The exercise will be carried out every month.
18.	Modalities of payment of Interest Subvention	<ul style="list-style-type: none"> i. Payment of interest subvention on loan amount under the scheme will be limited to 5 years only, including one year moratorium period. During the moratorium period the sugar mills will be required to pay interest to the bank. ii. NABARD has been appointed as the "Nodal Agency" for interacting with the Department of Food and Public Distribution (DFPD) and managing the subsidy funded for onward reimbursement to respective Banks. 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 release in three tranches on a quarterly basis on furnishing of utilization certificate. Corporate Credit Division (Technical Cell), HO shall act as a Nodal Office and shall collect the claims from all the branches and lodge the same with Nodal Agency. (Bank Form-II) iv. The benefit of interest subvention will be provided by Government of India only if the account of applicant sugar mill/distillery is Standard and 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. Further, banks will be free to take necessary action against the defaulting borrowers as per bank norms and applicable regulatory guidelines. Loan accounts settled by the borrowers under

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SN	Parameters	Particulars
		<p>One Time Settlement/ Compromise etc. will not be eligible for interest subvention.</p> <p>v. In the event of surplus cash flow with the sugar mills, accelerated payments may be decided by the bank to reduce the interest liability of the sugar mill.</p> <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. Interest earned on subvention advance shall be adjusted in the quarterly instalments from 2nd quarter onwards.</p> <p>vii. The Funds released by NABARD, in advance - towards interest subvention, shall be parked in interest bearing account at the Nodal Branch as suggested by the Corporate Credit Division, H.O.</p>
19.	Modalities to be adopted by our Bank	<p>i. All branches shall submit information in advance to Corporate Credit Division (Technical Cell), HO before disbursement of the loan under the scheme.</p> <p>ii. The branches while submitting the claim to the Nodal Office (Corporate Credit Division H.O.) for claiming interest subvention shall certify that the loan has been utilised for the purpose as specified in the scheme.</p> <p>iii. Interest subvention released by NABARD shall be credited to the borrower's loan account within one week from receipt thereof by the nodal office.</p> <p>iv. The information will be collected in advance from all the branches, which have disbursed loans under the scheme and claim will be lodged in advance. A separate account for the purpose of claiming reimbursement of interest subvention shall be maintained by Technical Cell. Branches should submit the claims for interest subvention to Technical Cell H.O., through their Zonal Offices within one week of close of previous quarter.</p> <p>v. Corporate Credit Division (Technical Cell), 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 Public Distribution (DFPD).</p> <p>vi. The branch shall ensure submission of the interest claim statement within 5th day of the close of previous quarter to enable the Corporate Credit Division (Technical Cell), HO to lodge the consolidated claim with DFPD/ Head Office of NABARD (Department of Refinance) within two weeks of close of the previous quarter.</p>

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SN	Parameters	Particulars
		<p>vii. The lending branches are required to submit a certificate from the Chartered Accountant regarding the correctness of the claim made and submit to Corporate Credit Division (Technical Cell), HO through concerned Zonal Office for onward submission to the Head Office of NABARD along with interest subvention claim (Bank Form-III).</p> <p>viii. The lending branches shall also satisfy itself by inspection of the financed units that the loan amount has been utilized for the purpose as specified in the scheme. Such inspection report will be preserved by the concerned branch in its records and shall be made available to NABARD/DFPD when required.</p> <p>ix. Corporate Credit Division (Technical Cell), HO shall arrange to remit the interest subvention as per the claim laid by the respective branches online for credit to the respective accounts.</p> <p>x. Any of the provisions of the scheme may be modified by the Government of India, if deemed necessary.</p>
20.	TAT	Within 30 days of receipt of all documents / papers
21.	Scheme Code	<p>i. Non EI (Equated Installment) : TLISM</p> <p>ii. EI (Equated Installment) : TLESM</p>
22.	Operational Guidelines	<p>i. Purchase agreement executed between the OMCs and Sugar Mill to be scrutinized and ensured that there is nothing against the interest of the bank.</p> <p>ii. It should be ensured that the margin for term loan is brought by the borrower upfront and source of margin be ensured.</p> <p>iii. The ethanol manufactured should be sold to Oil Marketing Companies (OMC).</p> <p>iv. A tri-partite agreement (TPA) among the producers of ethanol (sugar mills), OMCs and the lending bank is to be signed. The proforma is attached (Annexure-IV).</p> <p>v. Under no circumstances, the working capital limits sanctioned for manufacturing sugar shall be diverted for ethanol productions.</p> <p>vi. 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.</p> <p>vii. 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 has to undertake to service the debt and interest from its other sources of income.</p>

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SN	Parameters	Particulars
		<p>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.</p> <p>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.</p> <p>x. In case of Consortium / MBA, our terms of sanction / disbursement shall not be inferior to those stipulated by other banks.</p> <p>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.</p> <p>xii. TEV study to be done as per bank's extant guidelines.</p> <p>xiii. Indicative check-list of documents to be submitted by the applicant to the Bank is enclosed as Annexure - V.</p> <p><u>OTHER STANDARD TERMS & CONDITIONS:</u></p> <p>i. Any change in the guidelines/modifications by the Government/Nodal Agency will be applicable to the scheme after due communication by CGM-Corporate Credit Division, Head Office.</p> <p>ii. Suitable undertaking regarding scheme conveyed by DFPD/ Nodal Agency (NABARD) from borrower at the time of obtaining document to be obtained.</p> <p>iii. In case repayment is allowed above 5 years, an undertaking shall be obtained from the borrower that they are aware of the Interest Subvention period (5 years including one year moratorium period) and shall continue to service the interest as well as installment till the expiry of loan.</p> <p>iv. Other guidelines related to Documentation & its Vetting, Mortgage, charge creation with ROC and CERSAI, Insurance etc shall be complied as per bank's extant guidelines.</p>

GUIDELINES CUM STANDARD OPERATING PROCEDURE (SOP) FOR EXTENDING 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

SN	Parameters	Particulars
1.	Eligibility	<ul style="list-style-type: none"> i. For setting up grain based distilleries / expansion of existing grain based distilleries to produce ethanol. 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). iii. To set up new dual feed distilleries or to expand existing capacities of dual feed distilleries. 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. 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. vi. To install Molecular Sieve Dehydration (MSDH) column to convert rectified spirit to ethanol in the existing distilleries.
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.

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SN	Parameters	Particulars
		<p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
3.	Submission of application to appropriate authority for seeking in principle approval	Application-cum-proposal in the prescribed Proforma (Annexure-IA) shall be submitted by the borrower for in principle approval to the Director (Sugar), Directorate of Sugar and Vegetable Oils Department of Food & Public Distribution (DFPD), Krishi Bhawan, New Delhi. After getting in principal approval, borrower shall approach to the lending bank for further process.
4.	Assessment / Quantum of Loan / Rate of Interest / Upfront Fee/ Other Charges	As per bank's extant guidelines / instructions applicable for term loans.
5.	TAT	Within 30 days of receipt of all documents / papers
6.	Type of Facility	Term Loan
7.	Tenor of Loan	Door to Door Tenor shall not exceed 8 Years. HOCAC-I and above may permit door to door tenor upto 10 years on case to case basis. However, payment of interest subvention on loan amount under the scheme will be limited to only 5 years including one year moratorium period.
8.	Margin	5% of the project cost wherever tripartite agreement amongst the project proponents, the bank and the OMC for purchase of ethanol is executed.

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SN	Parameters	Particulars
9.	Sanctioning Authority	ZOCAC-I and above as per their vested Loaning Powers
10.	DSCR	As per guidelines on benchmark ratios i.e. Average $\geq 1.50:1$ however it should not be below 1.10: in any year. Competent Authority may relax the ratio as per L&A circular no. 10/2021 dt. 07.01.2021 subject to condition that DSCR should not be below 1.10:1 in any year.
11.	Credit Risk Rating	As per IRMD Guidelines
12.	Security	Primary Security: The project proponents would be required to make available first exclusive charge / first pari passu charge on its Fixed Assets, as primary security purchased out of bank finance. Collateral Security: 5% of the loan amount <ul style="list-style-type: none"> ▪ Extension of 1st / 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 (excluding Nominee/ Professional/ Independent Director) should be obtained for the proposed loan. Waiver may be permitted by the Sanctioning Authority.
13.	Escrow Agreement	The tripartite agreement shall ensure that the payment from the Oil Marketing Companies (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.
14.	Disbursement	<ul style="list-style-type: none"> 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-II A before disbursement. ii. The borrower shall submit a certificate duly verified by the Central Pollution Control Board certifying that zero liquid discharge has been achieved through the method proposed. iii. Opinion report on the suppliers of equipment/ machinery to be obtained as per extant instructions. iv. Disbursement shall be made direct to the suppliers of equipment/ machinery proposed to be installed. v. All environment clearances to be obtained before disbursement.

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SN	Parameters	Particulars
		vi. The loan shall be disbursed after clearance of Pre-Disbursement Compliance (PDC).
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/upgradation in ethanol production.</p>
16.	Modalities of payment of Interest Subvention	<p>i. Payment of interest subvention on loan amount under the scheme will be limited to 5 years only, including one year moratorium period. During the moratorium period the borrower will be required to pay interest to the bank.</p> <p>ii. NABARD has been appointed as the “Nodal Agency” for interacting with the Department of Food and Public Distribution (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 release in three tranches on a quarterly basis on furnishing of utilization certificate. The individual banks shall identify one nodal branch for the purpose of collating the application for claim and submit the consolidated claim request to NABARD within two weeks of end of a quarter. Individual branches of a bank, shall submit their claims to the nodal bank branch within one week of end of the relevant quarter.</p>

**INTEGRATED RISK MANAGEMENT DIVISION- CREDIT POLICY SECTION,
HEAD OFFICE, PLOT NO.4, SECTOR-10, DWARKA, NEW DELHI-110075**

SN	Parameters	Particulars
		<p>iv. The Funds released by NABARD, in advance - towards interest subvention, shall be parked in interest bearing account at the Nodal Branch as suggested by the Corporate Credit Division, H.O.</p> <p>v. 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. Interest earned on subvention advance shall be adjusted in the quarterly instalments from 2nd quarter onwards.</p> <p><u>MODALITIES TO BE ADOPTED BY OUR BANK</u></p> <p>i. Corporate Credit Division (Technical Cell), HO shall act as a Nodal Office and shall collect the claims from all the branches and shall lodge the claims with DFPD/ NABARD.</p> <p>ii. All branches shall submit information in advance to the Nodal Office i.e. Corporate Credit Division (Technical Cell), HO before disbursement of the loan under the scheme.</p> <p>iii. The branches while submitting the claim to the Nodal Office for claiming interest subvention shall certify that the loan has been utilised for the purpose as specified in the scheme.</p> <p>iv. Interest subvention released by NABARD shall be credited to the borrower's loan account within one week from receipt thereof by the nodal office.</p> <p>v. The Nodal Office 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.</p> <p>vi. The branch shall ensure submission of the interest claim statement within 5th day of the close of previous quarter to enable the Nodal Office to lodge the consolidated claim with DFPD/ Head Office of NABARD (Department of Refinance) within two weeks of close of the previous quarter.</p> <p>vii. Branches shall obtain a certificate from the Chartered Accountant regarding the correctness of the claim made and submit it to the Nodal Office for onward submission to the Head Office of NABARD along with the interest subvention claim (Annexure III-A).</p> <p>viii. The Nodal office shall arrange to remit the interest subvention as per the claim laid by the respective branches online for credit to the respective accounts.</p>
17.	Utilization Certificate	The concerned sugar mills / distilleries / entrepreneurs shall submit utilization certificate (Annexure IV-A) for the sanctioned loan amount within three months of the completion of the project, duly verified by the

**INTEGRATED RISK MANAGEMENT DIVISION- CREDIT POLICY SECTION,
HEAD OFFICE, PLOT NO.4, SECTOR-10, DWARKA, NEW DELHI-110075**

SN	Parameters	Particulars
		<p>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. 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 / distilleries/entrepreneurs 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.	Scheme Code	<p>i. Non EI(Equated Installment) : TLIED</p> <p>ii. EI (Equated Installment) : TLEED</p>
20.	Operational Guidelines	<p>i. Purchase agreement executed between the OMCs and Project Proponents to be scrutinized and ensured that there is nothing against the interest of the bank.</p> <p>ii. It should be ensured that the margin for term loan for ethanol project is brought by the borrower upfront and source of margin be ensured.</p> <p>iii. Under no circumstances, the working capital limits sanctioned for manufacturing sugar shall be diverted for ethanol productions.</p> <p>iv. The ethanol manufactured should be sold to Oil Marketing Companies (OMC).</p> <p>v. A tri-partite agreement (TPA) among the producers of ethanol (Project Proponents), OMCs and the lending bank is to be signed.</p> <p>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.</p>

**INTEGRATED RISK MANAGEMENT DIVISION- CREDIT POLICY SECTION,
HEAD OFFICE, PLOT NO.4, SECTOR-10, DWARKA, NEW DELHI-110075**

SN	Parameters	Particulars
		<p>vii. DSRA to the extent of three months repayment (of Principal + Interest) is to be built up within one year of commencement of commercial production.</p> <p>viii. 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.</p> <p>ix. In case of Consortium / MBA, our terms of sanction / disbursement shall not be inferior to those stipulated by other banks.</p> <p>x. While assessing the viability of the project vis-à-vis repayment capacity, any govt. notification regarding tagging of ethanol prices shall be accounted for.</p> <p>xi. In the event of surplus cash flow with the sugar mills, accelerated payments may be decided and the interest subvention liability of DFPD towards loan account would accordingly get reduced.</p> <p>xii. TEV study to be done as per bank's extant guidelines.</p> <p>xiii. Indicative check-list of documents to be submitted by the applicant to the Bank is enclosed as Annexure - V.</p> <p><u>OTHER STANDARD TERMS & CONDITIONS:</u></p> <p>i. Any change in the guidelines/modifications by the Government/Nodal Agency will be applicable to the scheme after due communication by CGM-Corporate Credit Division, Head Office.</p> <p>ii. Suitable undertaking regarding scheme conveyed by DFPD/ Nodal Agency (NABARD) from borrower at the time of obtaining document to be obtained.</p> <p>iii. In case repayment is allowed above 5 years, an undertaking shall be obtained from the borrower that they are aware of the Interest Subvention period (5 years including one year moratorium period) and shall continue to service the interest as well as installment till the expiry of loan.</p> <p>iv. Other guidelines related to Documentation & its Vetting, Mortgage, charge creation with ROC and CERSAI, Insurance etc shall be complied as per bank's extant guidelines.</p>

APPLICATION FROM THE SUGAR FACTORY FOR FINANCIAL ASSISTANCE FOR INSTALLATION OF NEW INCINERATION BOILER OR ADOPTION OF ANY OTHER METHOD APPROVED BY CPCB FOR ZERO LIQUID DISCHARGE IN THE EXISTING DISTILLERY OR SETTING UP OF NEW DISTILLERY OR EXPANSION OF EXISTING DISTILLERY FOR ETHANOL PRODUCTION.

A. Brief details of the sugar factory

1	Name of the sugar factory/undertaking /society/company	
2	Short name & plant code of the factory	
3	Installed crushing capacity of the factory	
4	Date of commencement of sugar production in the sugar factory	
5	Production capacity of the existing distillery attached with sugar mill, if any	
6	Does the undertaking has any other sugar factory (indicate short name and capacity of other group factories)	
7	Performance of ethanol supply during current and last two ethanol years under Ethanol Blended with Petrol Programme (EBP):	
	(i) Quantity of ethanol indented by OMCs (year-wise)	
	(ii) Quantity of ethanol supplied against indented quantity (year-wise).	
8	Performance of cane price payment :	
	(i) Total cane price payable against purchase of cane during 2019-20 SS.	
	(ii) Total cane price paid against cane purchased in 2019-20 SS.	
	(iii) Pending cane arrears for 2019-20 SS and earlier seasons, if any (Please indicate arrear amount season-wise)	
9	Whether monthly Proforma P-II filed online (If yes, up to which month)	
10	Status of SDF/LSPEF outstanding dues, if any.	

B. Information relating to existing distillery attached with the sugar mill for installation of incineration boiler or adoption of any other method approved by CPCB for ZLD in a distillery.

1	Capacity of the proposed incineration boiler / details of any other method proposed for adoption as approved by CPCB for ZLD.	
2	Working pressure of the proposed boiler.	
3	Whether permission of CPCB has been obtained, if yes, number of operating days in a year for existing distillery.	
4	Financial assistance requested for installation of incineration boiler (including duties, surcharge & erection cost etc). Please indicate item wise breakup.	
5	Name of the leading bank.	
6	Whether SDF assistance has been availed for similar project.	

7	Proposed days of operation after installation of incineration boiler/adoption of any other method as approved by CPCB for ZLD.	
8	Additional production of ethanol after installation of new incineration boiler/adoption of any other method as approved by CPCB for ZLD.	
9	Production of molasses in the existing sugar mills of the group company (Please indicate unit-wise)	
10	Proposed time line for installation of new incineration boiler/adoption of any other method as approved by CPCB for ZLD.	
11	Expected date of commencement of ethanol production after installation of incineration boiler/adoption of any other method as approved by CPCB for ZLD.	
12	Whether proposed incineration boiler/equipments for adoption of any other method as approved by CPCB for ZLD are procured from indigenous source (if not, reasons for the same).	

C. Information relating to setting-up of new distillery/expansion of existing distillery with the existing sugar mill

1	Capacity of the proposed distillery in KLPD	
2	Whether the new distillery/expansion of the existing distillery is proposed to be installed with zero liquid discharge system	
3	Financial assistance requested for new distillery / expansion of the existing distillery project including basic price and applicable taxes etc.	
4	Name of the lending bank.	
5	Whether SDF assistance has been availed for similar project.	
6	Proposed days of operation on setting up of new distillery/expansion of the existing distillery..	
7	Production of molasses in the sugar mill where proposed distillery is to be set up (If group company, please indicate unit-wise)	
8	Proposed time line for installation of new plant / expansion of existing plant	
9	Expected date of commencement of ethanol production	
10	Whether proposed new distillery/plants and machineries for expansion of the existing distillery are procured from indigenous source (if not, reasons for the same).	

Utilization certificate to be submitted by the Sugar Factory duly verified by the concerned Sugar Commissioner

Name of Sugar Factory & Address.....

Short Name of Sugar Factory.....

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 Factory for purchase of machinery / setting up of plant under the scheme for
extending financial assistance to sugar mills for enhancement and augmentation of ethanol
production capacity by setting up of new distilleries attached with their sugar mills including
expansion of the capacity of the existing distilleries attached with sugar mills.

Authorized signatory of the Sugar Factory

Statutory auditor of the factory

Name-

Name-

Designation-

Designation-

Date:

Date:

Place:

Place:

Commissioner of Sugar / Cane

Date:

Place:

COMPLETION AND COMMENCEMENT CERTIFICATE

(This has to be submitted within a period of 6 months from the date of completion and not later than 30 months from the date of disbursement of first instalment of loan by the Bank)

- (i) Name of the Sugar Mill/ Distillery:
- (ii) Plant Code:
- (iii) Project for which financial assistance has been taken (Tick the right option)
 - (a) To establish new distillery
 - (b) For expansion of the existing distillery
- (iv) Date of installation of the new distillery/ Date of completion of expansion of existing distillery:
- (v) Capacity of new distillery/ expanded distillery (capacity addition to be mentioned)
- (vi) Date of commencement of production of ethanol:

This is to certify that the distillery, details of which have been given above has been commissioned successfully for ethanol production.

(Seal and Signature of Chartered Engineer)

Details of Chartered Engineer

This is to certify that installation/ expansion of distillery, details of which have been given above has been completed and production of ethanol has commenced w.e.f. _____

(Seal and Signature of Excise Commissioner of the State)

Details of the concerned officer

TRIPARTITE AGREEMENT

Dated _____

AMONG

_____ (The Sugar Mill)

AND

PUNJAB NATIONAL BANK

(The Escrow Agent)

AND

(Oil Marketing Company)

TRIPARTITE AGREEMENT

THIS TRIPARTITE AGREEMENT ("Agreement"), executed and entered into as of _____ (the Agreement Date), is by and among:

1. _____, a company duly incorporated and validly existing under the laws of India with Corporate Identification Number and having its registered office at _____ (hereinafter referred to as the "**Sugar Mill**") which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns);
2. **PUNJAB NATIONAL BANK** a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act 1970, having its head office at Plot no. 4, Sector 10 Dwarka, New Delhi acting through its _____ Branch, at _____ (hereinafter referred to as the "**Escrow Agent**"); and
3. _____, a company duly incorporated and validly existing under the Laws of India with corporate identification Number _____ and having its registered office at _____, (herein after referred as the "**Oil Marketing Company**", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns); and

[The **Sugar Mill**, the **Escrow Agent** and the **Oil Marketing Company** are hereinafter collectively referred to as the "**Parties**" and individually as the "**Party**"]

WHEREAS:

1. The Sugar Mill has availed credit facilities (hereinafter called "**the Facility**") from Punjab National Bank (herein after called "**PNB**") under the interest subvention scheme of Government of India pursuant to arrangement letter financing and security agreements executed by the Sugar Mills in favour of Punjab National 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*) where under the OMC has agreed to purchase Ethanol from the Sugar Mill for

such volume and at the rates as stated in the Purchase Agreement. The Sugar Mill 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 Sugar Mill to Punjab National Bank in respect of the Facility the Sugar Mill and the OMC have agreed that the entire payments made in respect of the Ethanol purchased by the OMC from the Sugar Mill 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 Sugar Mill 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.

Business Day means a day on which commercial banks including, but not limited to the Escrow Agent are open for normal business in _____. (Place of the branch)

Debt Payment Amount means the Interest and the Instalment that is due each month from the Sugar Mill to PNB 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 Sugar Mill with PNB in respect of the Facility.

Facility Agreement shall mean the Facility Agreement dated < *put date* > executed by the Sugar Mill in favour of PNB for availing the Facility as detained in Schedule I hereunder

Final Settlement Date shall mean the date on which the entire dues payable by the Sugar Mill to PNB under the Facility Agreement have been paid, discharged or performed in full to the satisfaction of PNB and there are no sums which are owed, even contingently, to PNB by the Sugar Mill as evidenced by a no dues certificate being issued by PNB.

Interest means the amount of monthly interest payable by the Sugar Mill to PNB 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 means the last day of the month for which the interest is due.

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 Sugar Mill and the OMC where under the OMC has agreed to purchase from the Sugar

Mill, ethanol agreed between the Sugar Mill and OMC against payment of Purchase Price.

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

2. Appointment of Escrow Agent

The Sugar Mill and the OMC jointly designate Punjab National Bank as described in the description of Parties as the escrow agent (the “**Escrow Agent**”) for the purpose 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 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 Sugar Mill and OMC on the terms of this Agreement.

<Name of Sugar Mill> 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 of this Agreement, and as a result such money will not be held in accordance with the fixed deposit account in Punjab National Bank (“PNB”).

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 Sugar Mill 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 Sugar Mill to OMC in the Escrow Account

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 Sugar Mill 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 Sugar Mill 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 Sugar Mill under the Purchase Agreement for the amount of ethanol supplied by the Sugar Mill to the OMC as per invoice raised by the Sugar Mill 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 Sugar Mill, as term deposits of PNB 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 Sugar Mill 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 form Escrow Account

5.1 The Sugar Mill 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 Sugar Mill shall be allowed by the Escrow Agent to withdraw from the Escrow Account the balance remaining 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 Sugar Mill 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 Sugar Mill shall be limited to the balance in the Escrow Amount which is in excess of ____ month's Debt Payment Amount.

6. Tax Matters.

The Sugar Mill 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 Sugar Mill. All income earned from the cash and investments of the Escrow Amounts held in the Escrow Accounts shall be taxable to the Sugar Mill 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 wilful 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 wilful 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.

7.2 The Sugar Mill hereby agree to indemnify and hold the Escrow Agent and its directors, officers, agents and employee (collectively, the “**Escrow Agent Indemnitees**”) harmless from and against any and all claims, liabilities, losses, 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 Idemnitees 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 Sugar Mill

The Sugar Mill 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 Sugar Mill from its obligation for payment of any or all amounts due by the Sugar Mill to PNB 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 or decree shall be made or entered by any court affecting the Escrow Account, then in any of such events, the Escrow Agent shall provide the Sugar Mill and the OMC with prompt written notice of any such events and the Sugar Mill shall forthwith arrange for payment of Interest and Instalment of the Facility in terms of the Facility Agreement.

9. Fees

The Sugar Mill 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 Sugar Mill 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 PNB shall in every case be in writing 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.

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 an intimation from PNB 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

PNB shall have no recourse against OMC and OMC shall not be liable to any Party for default by the Sugar Mill 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

Sugar Mill

By: _____

Name:

Title:

ESCROW AGENT:

**For and on behalf of:
PUNJAB NATIONAL BANK**

By: _____

Name:

Title:

**For and on behalf of:
OMC**

By: _____

Name:

Title:

Financing Ethanol Projects under Ethanol Blended Petrol (EBP) Programme**Indicative Check-list of Documents to be submitted by the Applicant to the Bank**

S No	Details of Documents
1	Request letter for Bank Loan on Letter head of the Applicant unit
2	Application Format of the Bank duly filled in and signed by Authorised Signatory along with Detailed Project Report (DPR) enclosed.
3	Copy of Board Resolution (in case of Companies) for applying loan to the Bank
4	Copy of Application-cum-Proposal submitted to DFPD for Subsidy
5	Copy of in-principle approval received from DFPD.
6	Constitution documents-viz. Certificate of Incorporation, Memorandum & Article of Association/Partnership Deed/Trust Deed/ Byelaws of Society, etc.
7	PAN, GST Registration Certificate, Trade Licence, ISO Certificate, DIC Registration Certificate, MSME Udyam Registration Certificate
8	<p>Detailed Project Report (DPR) covering the following aspects:</p> <ul style="list-style-type: none"> • Cost of Project & Means of Finance • Promoters background & experience • Technology (Details of Plant & Machinery required & Supplier) • Raw material supply arrangements • Land, Building, Civil works, Power, Water, other infrastructure required & arrangements made for the same • Marketing arrangement • Projected Profit& Loss, Balance sheets, Cash flows for the period till the repayment of proposed loan along with key financial ratios like DSCR, IRR, BEP, ICR etc. • Basis of assumption of projected financial details. • Details/sources of promoters' contribution, • Evidence of investments made so far, • Project implementation schedule. • Supporting quotations / estimates for the Project components (Where ever applicable) • Statutory approvals required and current status of the same.
9	<p>Certificate / Licenses / Statutory Approvals:</p> <ul style="list-style-type: none"> • Environmental Clearance • FSSAI Clearance (wherever unit is planning production of ENA) • Copy of approved map of factory • Building Plan approval • Factory License

S No	Details of Documents
	<ul style="list-style-type: none"> • NOC from Local Panchayath • NOC from Fire Department • Consent for Establishment from Pollution Control Board • Consent for Operations from Pollution Control Board • Central Pollution Control Certificate (Zero Liquid Discharge) • Working Drawing and specification by State Excise Department and DC/DM • Electrical Safety approval • Boiler approval from Inspector to the Govt • Water Drawal Approval • PESO (Petroleum & Explosives Safety Organization) clearance • Excise License (PD-33) • Industrial Entrepreneurs Memorandum
10	Complete set of Audited financials along with Tax Audit Report for the last 3 years, Provisional Balance sheet if last audited balance sheet is older than 6 months.
11	CMA data duly signed by the Promoters / Directors, Partners, Proprietor etc,
12	Copy of sanction letter of all the banks from where, credit facilities have been availed by the Company.
13	Details of associates, brief profile of the associates, their banking arrangement & financials of the associates for the last year.
14	Copy of sanction letter for all the associate and group Companies availed from banking and financial institutions.
15	IT returns for the last 3 years. Acknowledged copy of ITR must also be obtained.
16	GSTN with return for the last 2 years.
17	Proof of Identity of proprietor, partner or director(if a company): Voter's ID Card/Passport/Driving License/PAN Card/Aadhar Card/ Signature identification from present bankers.
18	Proof of residence of Proprietor, Partner or Director (if a company): Recent telephone bills, electricity bill, property tax receipt / Passport / Voter's ID Card of Proprietor, Partner of Director (if company)
19	Proof of Business Address
20	Assets and liabilities statement of promoters and guarantors along with latest income tax returns
21	Details of shareholding pattern.
22	Photocopies of lease deeds / title deeds of all the properties being offered as primary and collateral securities along with approved drawings where ever applicable.

S No	Details of Documents
23	Loan account statement (for last 24 months), if any (in the name of Proprietor/ Partners/ Directors)
24	A Tri-partite agreement (TPA) among the producers of ethanol (project proponents), OMCs and the lending bank is to be signed
25	Utilization Certificate duly verified by the respective Sugar / Cane Commissioners, Excise Commissioner certifying that the loan amount has been utilized for the purpose specified in the scheme.
26	Completion & Commencement Certificate' duly verified by the Excise Commissioner of the State concerned and a Chartered Engineer

Bank Form - I

Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity

(To be submitted to DFPD * and \$ NABARD by concerned bank branch, through its Controlling Office immediately after each disbursement)

(Amount Rs. In Lacs)

Individual Loan Account details			
Name of Bank, Branch and Code			
Name of Sugar Factory with plant code			
Date on which DFPD has accorded in principle approval			
Date of Sanction of Term Loan			
Term Loan Account Number			
Amount of Sanctioned Loan			
Interest Rate contracted			
Disbursements			
Date	Amount	Cumulative Disbursement	O/S Loan Amount
Repayment Schedule			

* Chief Director (Sugar), Directorate of Sugar and Vegetable Oils, Department of Food and Public Distribution, Krishi Bhawan, New Delhi - 110001 (Tel: 011 - 23383760; Fax: 011 - 23382373; e-mail: ddcost.fpd@nic.in)

\$ The Chief General Manager, Department of Refinance, NABARD, Head Office, Plot No. C-24, 'G' Block, Bandra-Kurla Complex, Bandra (E), Head Office, Mumbai - 400 051. (Tel. 022-26524926; Fax: 022-26530090, email: dor@nabard.org)

Undertaking / Certificate

Certified that:

- (a) The term loan has been sanctioned after due vetting of the proposal submitted by the Sugar Mill, taking into account the installation of new incineration boilers / new distilleries and the capacity proposed to be created as approved by DFPD.
- (b) The Loan amount was disbursed within one year from the date of in-principle approval of DFPD
- (c) The disbursement of the loan was made in a separate project specific loan account.
- (d) While communicating the sanction the sugar mill has been advised that utilization Certificate as specified in the guidelines of the scheme would be submitted within three months of completion of the project.
- (e) While communication the sanction the sugar mill has been advised to comply with all the terms and conditions of the scheme of Government of India for capacity addition / up-gradation in ethanol production.
- (f) Interest subvention Payable has been calculated on outstanding amount reckoning the actual date of repayment or prescribed date of payment whichever is earlier.
- (g) The loan account of the sugar mill is standard.

(Signature of the Branch Manager)

Date: _____

Name: _____

Place: _____

Designation: _____

Phone No: _____

FAX: _____

Email ID:

(Affix Official Stamp)

Bank Form - II

Scheme for Extending Financial Assistance to Sugar Mills for enhancement and augmentation of ethanol production capacity

(To be submitted by Branch of Lending Banks through its controlling office to NABARD * by 14 July, 14 October, 14 January and 14 April for quarters ended June, September, December and March)

**Interest Subvention claim for the quarter ended
(Lending Bank)**

(Amount in Rs.)

Name and Branch of the Lending Bank:								
Loan Account details						Interest		
Sr. No.	Name & Code of lending Branch	Name of the Sugar Factory	Loan Account Number	Loan Sanctioned	Loan Disbursed	Rate of Interest	Amount of Interest Claim	

* The Chief General Manager, Department of Refinance, NABARD, Head Office, Plot No. C-24, 'G' Block, Bandra-Kurla Complex, Bandra (E), Head Office, Mumbai - 400 051. (Tel. 022-26524926; Fax: 022-26530090, email: dor@nabard.org)

Certified that:

- 1) The loan amount has been utilized for the purpose as specified in the guidelines of the Scheme
- 2) No interest has been claimed for the accounts which have gone into default and interest amount claimed as advance for the accounts, which have subsequently gone into default, has been adjusted (by the way of refund) in the present claim submitted.

(Signature of the Branch Officer)

Date: _____

Name: _____

Place: _____

Designation: _____

Phone No: _____

FAX: _____

Email ID: _____

(Affix Official Stamp)

- Encls: 1. Certificate Issued by Chartered Accountant
2. Calculation sheet in excel format

Bank Form - III

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
Accountant) on verification of claim of _____ (Name of the branch) of
_____ (Name of the Bank) under the Scheme for Extending financial
Assistance to sugar mills for enhancement and augmentation of ethanol production capacity for
the quarter ended _____ has been checked and found correct in respect of the following
sugar factories:

Sr. No.	Name of the Sugar Mill	Sugar (Ethanol) Term Loan A/C Number	Amount of interest Claimed
	Total		

Signature: _____

Membership No: _____

Name of Chartered Accountant: _____

(Affix Seal)

Place: _____

Date: _____

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

(The Project Proponent)

AND

PUNJAB NATIONAL BANK

(The Escrow Agent)

AND

(Oil Marketing Company)

TRIPARTITE AGREEMENT

THIS TRIPARTITE AGREEMENT ("Agreement"), executed and entered into as of _____ (the Agreement Date), is by and among:

1. _____, a company duly incorporated and validly existing under the laws of India 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);
2. **PUNJAB NATIONAL BANK** a body corporate constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act 1970, having its head office at Plot no. 4, Sector 10 Dwarka, New Delhi acting through its _____ Branch, at _____ (hereinafter referred to as the "**Escrow Agent**"); and
3. _____, a company duly incorporated and validly existing under the Laws of India with corporate identification Number _____ and having its registered office at _____, (herein after referred as the "**Oil Marketing Company**", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns); 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 Punjab National Bank (herein after called "**PNB**") under the interest subvention scheme of Government of India pursuant to arrangement letter financing and security agreements executed by the Project Proponent in favour of Punjab National 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*) where under 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 Punjab National 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 _____. (place of the branch).

Debt Payment Amount means the Interest and the Instalment that is due each month from the Project Proponent to PNB 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 PNB in respect of the Facility.

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

Final Settlement Date shall mean the date on which the entire dues payable by the Project Proponent to PNB under the Facility Agreement have been paid, discharged or performed in full to the satisfaction of PNB and there are no sums which are owed, even contingently, to PNB by the Project Proponent as evidenced by a no dues certificate being issued by PNB.

Interest means the amount of monthly interest payable by the Project Proponent to PNB 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 means the last day of the month for which the interest is due.

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 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 Punjab National Bank as described in the description of Parties as the escrow agent (the “**Escrow Agent**”) for the purpose 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 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 on the terms 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 of this Agreement, and as a result such money will not be held in accordance with the fixed deposit account in Punjab National Bank (“**PNB**”).

3.3 The Parties undertake 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 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 PNB 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 form 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 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 wilful 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 wilful 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.

7.2 The Project Proponent hereby agree to indemnify and hold the Escrow Agent and its directors, officers, agents and employee (collectively, the "**Escrow Agent Indemnitees**") harmless from and against any and all claims, liabilities, losses, 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 Idemnitees 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 PNB 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 or decree shall be made or entered by any court 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 PNB shall in every case be in writing 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.

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 an intimation from PNB 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

PNB 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:

PUNJAB NATIONAL BANK

By: _____

Name:

Title:

For and on behalf of:

OMC

By: _____

Name:

Title:

(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 ended..... has 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:

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

Statutory auditor of the factory

Name-

Name-

Designation-

Designation-

Date:

Date:

Place:

Place:

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

Date:

Place: