



LOAN AGREEMENT

THIS AGREEMENT made this 9th day of November One Thousand Nine Hundred and Ninety Four at Calcutta between Elque Polyesters Limited. a company within the meaning of the Companies Act, 1956 (1 of 1956) and having its Registered Office at Elque House, 10 Crooked Lane, Calcutta - 700 069 (hereinafter referred to as "the Borrower" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) :

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INDUSTRIAL DEVELOPMENT BANK OF INDIA, a corporation constituted by the Industrial Development Bank of India Act, 1964, (18 of 1964) and having its Head Office at IDBI Tower, Cuffe Parade, Colaba, Bombay-400 005 (hereinafter referred to as "the Lender" which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns).

ARTICLE I

1. DEFINITIONS

1.1 The following terms shall have the following meanings :

(a) "Due Date" means, in respect of -

(i) an instalment of principal - the date on which the instalment falls due as stipulated in Schedule V hereto.

(ii) Interest - the date on which interest falls due as stipulated in Schedule V hereto.

(iii) Commitment Charge - the date on which Commitment Charge falls due as stipulated in Section 2.3 of Article II hereof.

(b) "Financing Plan" means the financing plan as described in Schedule III hereto.

(c) "General Conditions" means the GENERAL CONDITIONS NO. GC-FC-1-88 APPLICABLE TO FOREIGN CURRENCY LOANS PROVIDED BY FINANCIAL INSTITUTIONS.

(d) "Loan" or "Loans" means the amounts of various foreign currencies specified in Section 2.1 of Article II hereof or their equivalents in other foreign currencies used for their purchase, agreed to be provided by the Lender for the project or (as the context requires) so much thereof as may be outstanding from time to time.

(e) "Project" - means the project to be financed as described in Schedule II hereto.

1.2 GENERAL CONDITIONS

The Loan(s) hereby agreed to be granted by the Lender shall be subject to the Borrower complying with the terms and conditions set out herein and also in the General Conditions a copy of which is annexed hereto. The General Conditions shall be deemed to form part of this Agreement and shall be read as if they are specifically incorporated herein.

"Provided however that Section 4.1, 4.5, 4.8 and 4.11 of Article IV and section 6(f) of Article VI of the General Conditions shall, in its application to the Loan Agreement, stand modified as under :

Section 4.1 TERMS OF DISBURSEMENT

(i) The loans will be disbursed by the lender in such manner as may be decided by the Lender subject to the Borrower complying with the provisions of the Loan Agreement and the disbursement procedure(s) stipulated by the Lender (including production/execution of evidences/documents required for disbursement) and the expenditure incurred on the Project being in consonance with the details mentioned in the Loan Agreement.

(ii) In the event of the Lender agreeing to disburse any amount of the Loan pending creation of final security as stipulated in the Loan Agreement, the same may be disbursed on such terms as may be decided by the Lender.

All disbursements shall be by authorisation(s) and the collection/remittance charges will be borne by the Borrower. The interest on the Loans will accrue as from the value date as specified in the authorisation.

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Section 4.2 INTEREST

(i) All interest on the loan and on all other monies accruing due under the Loan Agreement shall, in case the same be not paid on the respective due dates, carry further interest at the applicable rate(s) under the Loan Agreement, computed from the respective due dates and shall become payable upon the footing of compound interest with quarterly rests as provided in the Loan Agreement.

(ii) All interest and other monies which shall accrue under the provisions of the Loan Agreement shall also be payable in the manner and on the dates as mentioned in the Loan Agreement.

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Section 4.5 LIQUIDATED DAMAGES ON DEFAULTED AMOUNTS

In case of default in payment of instalment(s) of principal, interest, and all other monies (except liquidated damages) on their respective due dates, the Borrower shall pay on the defaulted amounts liquidated damages at the rate of 6% p.a. for the period of default. Liquidated damages shall be payable in the manner and on the dates specified in the Loan Agreement for payment of interest. Arrears of liquidated damages shall carry interest at the highest lending rate of the Lenders for rupee term loans prevailing on the date of default.

SECTION 4.8 APPROPRIATION OF PAYMENTS

(a) Unless otherwise agreed to by the Lender any payments due and payable under the Loan Agreement and made by the Borrower shall be appropriated towards such dues in the following order, viz,

- (i) Interest, including additional interest, payable in terms of the Loan Agreement;
- (ii) Further interest and liquidated damages on defaulted amounts;
- (iii) Repayment of instalments of principal due and payable under the Loan Agreement;
- (iv) Premium on prepayment;
- (v) Costs, charges, expenses and other monies;

(vi) Interest on costs, charges, expenses and other monies;

(b) Notwithstanding anything contained in Clause (a) hereinabove, the Lender may, at their discretion, appropriate such payments towards the dues, if any, payable by the Borrower in respect of earlier loan(s) availed of by the Borrower from the Lender in the order specified in the relative Loan Agreement(s)."

SECTION 4.11 - RUPEE TYING OF DEFAULTED AMOUNTS

Without prejudice to any of the obligations of the Borrower in terms of the Loan Agreement, in the event of default by the Borrower in making payment in discharge of any of its obligations under the Loan Agreement on the due dates then, notwithstanding anything to the contrary contained in the Loan Agreement, the liability of the Borrower thereafter in respect of such amounts shall be in rupees, which shall be determined and notified by the Lender to the Borrower in accordance with the provisions of subsection 4.10(a) hereinabove (hereinafter referred to as "the rupee tied defaulted amounts").

Notwithstanding anything to the contrary contained in the Loan Agreement, the rupee tied defaulted amounts will carry interest and further interest from the respective due dates at such higher rate(s) than the prevailing rate(s) of interest on rupee term loans at the time of default, as shall from time to time be fixed by the Lender and intimated to the Borrower, so that such rate(s) shall not at any point of time exceed the

highest of the interest rates charged by the commercial banks for cash credits or highest of the interest rate(s) charged by the Lender for rupee term loans, whichever is higher, and shall be payable on the dates specified in the Loan Agreement.

SECTION 6(f) of ARTICLE - VI - LETTERS OF CREDIT

(i) The Borrower shall open Letter(s) of Credit for import of capital goods approved under the Financing Plan only through the Lender. The Borrower shall pay to the Lender, on demand commission for opening Letters of Credit at such rate as the Lender or their correspondents may determined to be proper, costs and other charges, including those for transmission of instructions and forwarding of documents, incurred in relation to opening of the Letters of Credit and making payments by the Lender and their correspondents. All such sums shall be debited to the Borrower's loan account and shall carry interest from the date of opening of the Letter of Credit in case of L/C commission and from the date of payment in case of other costs and charges till payment/reimbursement by the Borrower at the lending rate of the Lender for rupee term loans prevailing on the date of payment.

(ii) In case of default in making such payment/reimbursement within three weeks from the date of notice of demand by the Lender, the Borrower shall also pay on the defaulted amounts liquidated damages at the rate of 6% p.a. from the expiry of

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three weeks from the date of notice of demand till
payment/reimbursement, in accordance with the provisions of
Section 4.5 of these General Conditions.

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ARTICLE II
AGREEMENT AND TERMS OF LOANS

2.1 AMOUNT AND TERMS OF LOAN

The Borrower agrees to borrow from the Lender and the Lender agrees to lend to the Borrower, on the terms and conditions contained herein as also in the General Conditions, the sums to the maximum extent in various foreign currencies set out against its name in Schedule I equivalent in the aggregate to about Rs.3000 lakhs.

2.2 INTEREST

(i) The Borrower shall pay to the Lender interest on the Loan(s) at the rate(s) and in the manner provided in Schedule V hereto. Provided, however, interest on rupee-tied defaulted amounts, arrears of liquidated damages and on sums incurred by the Lender by way of expenses in terms of Section 4.11, 4.5 and 4.7 respectively of Article IV and section 6(f) of Article VI of the General Conditions shall be payable quarterly on 1st January, 1st April, 1st July and 1st October.

(ii) Disbursements made pending creation of final security as stipulated in Article III shall, carry further interest at the rate of 1.05% per annum till creation of such security.

2.3 UP-FRONT FEE

The Borrower shall pay to the Lender Up Front Fee @ 1.05% of the Loan simultaneously with the execution of this Agreement.

2.4 LAST DATE OF WITHDRAWAL

Unless the Lender otherwise agree, the right to make drawals from the Loan(s) shall cease on March 31, 1996.

2.4A. IMPOSTS, COSTS AND CHARGES

(i) The Borrower shall, during the currency of the Loans bear all such imposts, duties and taxes (including interest and other taxes, if any) as may be levied from time to time by the Government or other authority with the sanction of law pertaining to or in respect of the Loan;

(ii) The Borrower shall pay all other costs, charges and expenses in any way incurred by the Lender in such additional stamp duty, other duties, taxes, charges and other penalties if any when the Borrower is required to pay according to the laws for the time being in force in the State in which its properties are situated or otherwise;

(iii) In the event of the Borrower failing to pay the monies referred to in sub-clause (i) and (ii), the Lender will be at liberty (but shall not be obliged) to pay the same. The Borrower shall reimburse all sums paid by the

Lender in accordance with the provisions contained in Section 4.7 of the General Conditions.

2.5 REPAYMENT

The Borrower undertakes to repay the principal amount of the Loan to the Lender in accordance with the Amortisation Schedule set forth in Schedule VI hereto.

2.6 CONVERSION RIGHT IN CASE OF DEFAULT

If the Borrower commits a default in payment or repayment of any instalment of principal amount of the Loans or interest thereon or any combination thereof, then, the Lender shall have the right to convert (which right is hereinafter referred to as "the conversion right") at its option 20% of the rupee equivalent of the defaulted amount (determined in accordance with Section 4.11 of Article IV of the General Conditions) into fully paid up equity shares of the Borrower, at par, in the manner specified in a notice in writing to be given by the Lender to the Borrower (which notice is hereinafter referred to as the "notice of conversion") prior to the date on which the conversion is to take effect, which date shall be specified in the said notice (hereinafter referred to as the "date of conversion").

(i) On receipt of notice of conversion, the Borrower shall allot and issue the requisite number of fully paid-up equity shares to the Lender as from the date of conversion and the Lender shall accept the same in

satisfaction of the said defaulted amount(s) in respect of the Loan to the extent so converted. The amount so converted shall cease to carry interest as from the date of conversion and the outstanding amount in respect of the Loan shall stand correspondingly reduced. The equity shares so allotted and issued to the Lender shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Borrower. Save as aforesaid, the said shares shall rank pari passu with the existing equity shares of the Borrower in all respects. The Borrower shall, at all times, maintain sufficient unissued equity shares for the above purpose.

(ii) The conversion right reserved as aforesaid may be exercised by the Lender on one or more occasions during the currency of the Loan(s) on the happening of the default as specified in this Section.

(iii) The Borrower assures and undertakes that in the event of the Lender exercising the right of conversion as aforesaid, the Borrower shall get the equity shares which will be issued to the Lender as a result of the conversion, listed with the Stock Exchange(s) at Calcutta.

ARTICLE III

SECURITY

3.1 SECURITY FOR THE LOAN

(A) The Loan(s) together with all interest, liquidated damages, premia on prepayment or on redemption, costs, expenses and other monies whatsoever stipulated in this Agreement shall be secured by

(a) a first mortgage and charge in favour of the Lender in a form satisfactory to the Lender of all the Borrower's immovable properties, both present and future; and

(b) a first charge by way of hypothecation in favour of the Lender of all the Borrower's movables (save and except book debts), including moveable machinery, machinery spares, tools and accessories, present and future, subject to prior charges created and/or to be created in favour of the Borrower's Bankers on the Borrower's stocks of raw materials semi-finished and finished goods, consumable stores and such other moveables as may be agreed to by the Lender for securing the borrowings for working capital requirements in the ordinary course of business.

The mortgages and charges referred to above shall rank pari passu with the mortgages and charges created and/or to be created in favour of other institutions/banks in respect of the balance foreign currency loans equivalent to Rs.3720 lakhs.

(B) The Borrower shall make out a good and marketable title to its properties to the satisfaction of the Lender and comply with all such formalities as may be necessary or required for the said purpose.

3.2 CREATION OF ADDITIONAL SECURITY

If at any time during the subsistence of this Agreement, the Lender is of the opinion that the security provided by the Borrower has become inadequate to cover the balance of the Loans then outstanding, then, on the Lender advising the Borrower to that effect, the Borrower shall provide and furnish to the Lender, to the satisfaction of the Lender, such additional security as may be acceptable to the Lender to cover such deficiency.

3.3 ACQUISITION OF ADDITIONAL IMMOVABLE PROPERTIES

So long as any monies remain due and outstanding to the Lender, the Borrower undertakes to notify the Lender in writing of all its acquisitions of immovable properties and as soon as practicable thereafter to make out a marketable title to the satisfaction of the Lender and charge the same in favour of the Lender by way of first charge in such form and manner as may be decided by the Lender.

3.4 Guarantee

The Borrower shall procure irrevocable and unconditional corporate guarantee of Plastosen Ltd. and personal guarantee from Shri Abhijit Sen, the Director of the

Borrower in favour of the Lender for the due repayment of the Loans and the payment of all interest and other monies payable by the Borrower in the form prescribed by the Lender and to be delivered to the Lender before any part of the Loan is advanced. The Borrower shall not pay any guarantee commission to the said Guarantors.

ARTICLE IV

APPOINTMENT OF NOMINEE DIRECTOR(S)

The Borrower agrees that the Lender shall be entitled to appoint and withdraw from time to time one or more Director on the Board of Directors of the Borrower at any time during the currency of this Agreement.

ARTICLE V

SPECIAL CONDITIONS

The Loan hereby granted shall also be subject to the Borrower complying with the special conditions set out in Schedule VII hereto.

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ARTICLE VI

EFFECTIVE DATE OF AGREEMENT

This Agreement shall become binding on the Borrower and the Lender on and from the date first above written. It shall be in force till all the monies due and payable under this Agreement are fully paid off.

SCHEDULE I

PARTICULARS OF LOANS

Name of the Lender	Loan(s)
-----	-----
Industrial Development Bank of India (IDBI) IDBI Tower, Cofe Parade PO: 400 005.	US \$ 9.524 million equivalent to Rs. 3000 lakhs. (Rupees three thousand lacs only)

SCHEDULE II

PROJECT

The project envisages setting up a 100% EOU for manufacture of 19,800 tpa of bottle grade polyethylene terephthalate (PET) at Falta Export Processing Zone, South 24, Parganas District, West Bengal.

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SCHEDULE III

FINANCING PLAN

A. The total estimated cost of the project is Rs.11200 lakhs made up as under :

(Rupees in lakhs)

	Rupee equivalent of foreign Currency Cost	Rupee Cost
	-----	-----
Land and site development	10	-
Buildings	261	-
Plant and machinery		
a)- Imported		
CIF value	8001	7981
b)- Indigenous	298	-
Engineering consultants fee	30	-
Supervision & Training fees	26	19

Misc. fixed assets	503	-
Preliminary expenses	837	-
Contingencies	936	-
Margin money for working capital	298	-
	-----	-----
TOTAL	11,200	8000
	-----	-----
Total of rupee & foreign currency cost	11,200	8000
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B. The proposed sources of financing are as follows :

Share capital

A. Promoters

- Individual promoters	520
- Friends & Associates	560
- Elque Group companies	775
- Sunkyong	315
- IMC	630

2800

B. Public

1680

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Foreign Currency Loans

- IDBI	3000	
- Other institutions	3720	
	----	6720

		11200

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SCHEDULE — IV A

PART - 1

- i) US Dollars
- ii) Japanese Yen
- iii) Deutsche Marks
- iv) Swiss Franc

Equivalent in the aggregate to USD

(US Dollars

denominated as such in US Dollars for the convenience of accounting out of the funds raised by IDBI (hereinafter referred to as "Dollar Loan XII") (which expression shall, where the context so requires, mean the amount outstanding from time to time) under the Subscription Agreement dated July 4, 1994 between IDBI and the J P Morgan Securities Ltd. and others (hereinafter referred to as "The Dollar Loan XII Agreement").

SCHEDULE - IV B

PART - 1

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- 1) US Dollars 59,35,602
2) Japanese Yen
3) Deutsche Marks
4) Swiss Franc 48,09,980

4T + 1 Equivalent in the aggregate to JY 93,63,99,680

4T + 1 (Japanese Yen *Nine hundred & thirty six million Three hundred & ninety nine thousand and six hundred & eighty only* denominated as such in Japanese Yen for the convenience of accounting out of the funds raised by IDBI (hereinafter referred to as "Yen Loan X") (which expression shall, where the context so requires, mean the amount outstanding from time to time) under the Loan Agreement dated December 29, 1989 between IDBI and the Export Import Bank of Japan, Tokyo (hereinafter referred to as "The Yen Loan X Agreement").

SCHEDULE - V A

The following provisions shall apply to the repayment of the Loan out of the "Dollar Loan XII".

I. Repayment of Loan :

The Loan shall be repayable sufficiently in advance to enable IDBI to fulfil its repayment obligation under the Dollar Loan XII Loan Agreement on the due dates. The Loan is repayable in the manner provided in schedule VI hereto. IDBI, however, reserves the right to alter the the Amortisation Schedule set forth in Schedule VI hereto if and when the disbursements out of the Dollar Loan XII are completed, in such an event the Borrower, shall, unless otherwise determined by IDBI, repay to IDBI the Loan in accordance with the Amortisation Schedule as so revised.

Any difference on account of exchange fluctuations in the rates of foreign currency involved shall be borne by or given credit to the Borrower.

II. Interest :

The Borrower shall pay to IDBI interest quarterly on the outstanding amount of the Loan at 3 months USD LIBOR plus 3 %(including interest tax). The dates for payment for

interest will be January 7, April 7, July 7, October 7 of each year. Interest and all other charges will be calculated on 360 days a year basis for the actual number of days elapsed.

Provided that in case disbursements are made to the Borrower out of any other facility available with IDBI, the rate of interest applicable to such disbursements would be the then current lending rate of IDBI relative to such facility.

III. Prepayment and Forward Contract :

Unless expressly agreed to by IDBI, the Borrower shall not be entitled to prepay in whole or in part any or the instalments referred to in Schedule VI hereto before the due dates nor shall be entitled to enter into forward contracts to buy foreign currencies in respect of any instalment or instalments of the "Dollar Loan XII" in respect of payment of interest or other payments hereunder.

IV. Due Date :

If the due date referred to herein falls on a day which is not a business day as defined in the Dollar Loan XII Agreement dated July 4, 1994, at the place where the payments are to be made, the immediately next succeeding Business Day shall be deemed to be the due date unless such Business Day is in a new Calendar Month, in which event, the preceding business day shall be the due date.

SCHEDULE - V B

The following provisions shall apply to the repayment of the Loan out of the "Yen Loan X".

I. Repayment of Loan :

The Loan shall be repayable sufficiently in advance to enable IDBI to fulfil its repayment obligation under the Yen Loan X Agreement on the due dates. The Loan is repayable in the manner provided in schedule VI hereto. IDBI, however, reserves the right to alter the the Amortisation Schedule set forth in Schedule VI hereto if and when the disbursements out of the Yen Loan X are completed, in such an event the Borrower, shall, unless otherwise determined by IDBI, repay to IDBI the Loan in accordance with the Amortisation Schedule as so revised.

Any difference on account of exchange fluctuations in the rates of foreign currency involved shall be borne by or given credit to the Borrower.

II. Interest :

The Borrower shall pay to IDBI interest half yearly on the outstanding amount of the Loan at a fixed rate of 7.4% p.a. upto the date of final drawal of the credit from Export Import Bank of Japan by IDBI, on December 28, 1995 whichever

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is earlier, interest payable will be calculated upto June 29 and December 29 of each year but will be payable on July 29 and January 29 respectively. Thereafter the dates for payment of interest will be June 29 and December 29 of each year. Interest and all other charges will be calculated on 365 days a year basis for the actual number of days elapsed.

Provided that in case disbursements are made to the Borrower out of any other facility available with IDBI, the rate of interest applicable to such disbursements would be the then current lending rate of IDBI relative to such facility.

III. Prepayment and Forward Contract :

Unless expressly agreed to by IDBI, the Borrower shall not be entitled to prepay in whole or in part any of the instalments referred to in Schedule VI hereto before the due dates nor shall be entitled to enter into forward contracts to buy foreign currencies in respect of any instalment or instalments of the "Yen Loan X" in respect of payment of interest or other payments hereunder.

IV. Due Date :

If the due date referred to herein falls on a day which is not a business day as defined in the Yen Loan X Agreement dated December 29, 1989, at the place where the payments are to be made, the immediately next succeeding Business Day shall be deemed to be the due date unless such Business Day is in a new Calendar Month, in which event, the preceding business day shall be the due date.

SCHEDULE - VI A

PART - 1

AMORTISATION SCHEDULE

£ LOAN XII

Due dates for payment are January 7, April 7, July 7 and October 7 of each year.

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The entire amount of the loan shall be repayable in one instalment on July 7, 1997.

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SCHEDULE - VI B

PART - 1

AMORTISATION SCHEDULE

YEN LOAN X

Due dates for payment are June 29 and December 29 of each year.

i) For the loans to approved projects, the repayment period will be 12 years, including a moratorium of 2 years from the date of approval of each project loan by EXIM - J. If loans are extended for meeting the working capital requirements, a shorter repayment period of 6 years may be stipulated.

ii) For loans disbursed to other companies, the repayment schedules may be fixed on the basis of their projected cash flows, but within a period of 5 years (for existing units) and 7 years (for new units) (including an appropriate grace period).

SCHEDULE - VII

SPECIAL CONDITIONS

A. PRE - DISBURSEMENT CONDITIONS

Before availing of assistance from the lender, the borrower, to the satisfaction of the lender, shall :

- a) increase the authorised capital of the borrower suitably;
- b) confirm that the core promoters' contribution of Rs.1855 lakh has been subscribed to in full and out of which at least Rs.1200 lakh has been brought in as cash;
- c) obtain sanction of foreign currency loan of US\$8,174,000 and SF 4,877,980 equivalent in aggregate to Rs.3720 lakhs from other institutions/banks;
- d) obtain and furnish undertakings from Shri Abhijit Sen, and Plastosen Ltd. agreeing to make good any shortfall in the contribution of Rs.560 lakhs envisaged to be raised from freinds and associates and Rs.945 lakhs envisaged from Sunkyoung Ltd., South Korea (Sunkyoung) and International Merchandising Corporation, Japan(IMC);

e) obtain and furnish undertaking from promoters agreeing to bring in additional funds if required, to meet shortfall in the means of financing and/of overrun, if any in the cost of the project;

f) enter into firm and comprehensive technology equipment supply and training agreements with Sunkyoung and Buhler which shall include retention of 10% of contract value till satisfactory performance levels are achieved; the agreement, inter alia, shall specify that any shortfall in performance will be made good by Sunkyoung/Buhler without any additional cost to the borrower;

g) enter into a firm marketing agreement with Sunkyoung for export of at least 50% of the borrower's production including the entire production of Grade II or 6500 MT of Grade II whichever is lower for a period of at least 5 years;

B. OTHER SPECIAL CONDITIONS

i) a) The borrower shall broaden its board by inducting experienced professionals.

b) The borrower shall appoint an independent Chairman.

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ii) The borrower shall satisfy the lender that it has appointed technical, financial and other executive personnel with proper qualification and experience for the key posts and that its organisational set up is adequate to ensure smooth implementation and operation of the project.

iii) The borrower shall arrange to amend its Articles of Association to provide for institutional nominee directors on its board.

iv) The borrower shall enter into an agreement with Development Consultants Ltd. for detailed engineering to the satisfaction of the lender.

v) The borrower shall obtain approval from West Bengal Electricity Board for requisite power.

vi) The borrower shall obtain NOC and necessary clearance from West Bengal Pollution Control Board before commencement of commercial production.

vii) The borrower shall obtain need based working capital from banks.

viii) The borrower shall arrange to obtain sanction for the balance underwriting assistance of Rs.1180 lakh.

ix) The borrower shall constitute a Project Monitoring Committee of its directors, to the satisfaction of institutions for the purpose of supervising and monitoring the progress in the implementation of the project. The Committee shall be responsible for the overall management of the project during construction period, including civil tendering, placement of orders for supply of plant and machinery and other assets and monitoring of the implementation of the project. Lender's nominee, if any, shall be a member of the committee;

x) The borrower shall satisfy the lender that the physical progress as well as expenditure incurred on the project are as per original schedule. To this end, the borrower agrees and undertakes to furnish to institutions such information as may be required by them;

xi) The borrower agrees that the lender shall have the right to review the cost of the project before the final disbursement of the loan. Pending completion of the review, the borrower shall obtain prior approval of the institutions for utilising the amount of the loan equivalent to the contingency provision in the cost of the project; and

xii) The borrower agrees that the lender may, at their discretion, withhold disbursement of the amount of the loan equivalent to provision against margin money for working

capital in the cost of the project.

xiii) The borrower shall appoint an audit sub committee of the board to the satisfaction of the lender. It shall also agree to constitute such other committees of the board as may be required by the lender for close monitoring of different aspects of its workings. The Lender's nominee would be member of all such committees.

xiv) The borrower agrees that any marketing arrangement/agreement between it and any company/group company and subsequent modifications to the same, if any, shall be subject to prior approval of the lender.

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IN WITNESS WHEREOF the Borrower has caused its Common Seal to be affixed hereto and to a duplicate hereof on the day, month and year first hereinabove written and the Lenders have caused the same and the said duplicate to be executed by the hand of Shri P.T. Thomas Manager and an authorised official of the Lender as hereinafter appearing.

The Common Seal of ELQUE POLYESTERS LTD.

has pursuant to the Resolution of its

Board of Directors passed in that

behalf on the 26th day of August, 1994

hereunto been affixed in the presence of

Shri Anil K. Ganguly Director, and

Shri T. A. Nair Authorised person,

who have signed these presents

in token thereof.

SIGNED AND DELIVERED BY the withinnamed Lenders by the hand of Shri P.T. Thomas an authorised official of IDBI.