

Suryachakra Power and First Climate conclude foreign equity agreement

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For immediate release

Suryachakra Power Corporation Limited (SPCL) has concluded an agreement with Climate Change Investment II, a Luxembourg based fund managed by First Climate Group a leading European carbon asset management company, for a Rs. 500 million equity investment in their renewable energy project portfolio. This part of the proposed financing of Rs. 4500 million planned to be raised by Suryachakra over the next twelve months. The projects are being developed through a newly created renewable energy vertical within the Suryachakra Group which will include biomass, solar thermal, wind and hydro projects.

Dr. Manepalli, Managing Director of SPCL believes that this agreement is an important milestone in Suryachakra's renewable energy development and would strengthen their capabilities in financing of its projects *"we have been building up our credentials in delivering renewable energy projects over the last few years and this investment by a third party foreign investor is a validation of our capabilities"* Suryachakra currently has 20MW of operational capacity from biomass energy with an additional 30MW to come on line by early 2010. Further biomass projects with a capacity of 140 MW, concentrated solar power of 175 MW, 275 MW hydro, and 50MW wind are under development which would significantly increase the renewable power generation capacity of the group.

Thomas Stetter, Executive Board Member of First Climate Group emphasizes the value brought in by third party investors *"third party investors enhance the robustness of projects both through the due diligence process and ongoing management of the companies. We are pleased to partner with Suryachakra Group in the development of their renewable energy vertical"*. First Climate through its Project Finance operations develops and secures financing for carbon and renewable energy projects. Sudhir Bhat, Director Project Finance of First Climate Group who led the transaction highlights the benefits of the portfolio financing structure for the projects *"a portfolio financing approach grouping operational and projects under development offer a diversified risk profile for investors. Additionally, the increased size of the financing required would attract a wider group of investors and enable non recourse funding structures. We are using this as a template for similar transactions in Asia"*.

First Climate and Suryachakra are also in discussions with leading Indian and foreign banks to secure debt financing backed by Emission Reduction Purchase Agreements (ERPAs) and expect to raise up to Rs. 1000 million from future carbon revenues. This is part of First Climate's approach to combine carbon finance with traditional project financing structures to increase capital available for the projects.

Suryachakra Power Corporation Limited is the flagship company of Suryachakra Group developing conventional and renewable energy projects in India. SPCL has successfully completed a diesel based IPP in the Andaman & Nicobar islands and two biomass power plants in Chhattisgarh state. Several other biomass and thermal projects are currently under development which would add significant capacity to their power portfolio. SPCL has several collaborations with both domestic and foreign technology partners including Caterpillar USA, Reliance Infrastructure Limited and more recently with MAN Solar Millennium GmbH to develop one of the first solar thermal (CSP) projects in India.

First Climate is one of Europe's leading carbon asset management companies with offices on five continents and more than ten years' experience in the market. First Climate develops, finances, and implements CDM, JI, and VER projects, purchases the resulting carbon credits, and customizes trading solutions for companies subject to the EU ETS. As investment advisor to several institutional investors, First Climate structures and develops carbon and renewable energy funds and related instruments with currently around Euro 250 million under management. First Climate offers unique hybrid carbon-project finance solutions both from its managed funds and its third party investor network. It also has early access to attractive investment opportunities in carbon and renewable energy through its local operations.

Contact

Suryachakra Power

N M Venugopal

Tel: +91 40 23550597

Email: venu@asrit.com

First Climate

Fritz Wilhelm

Head Corporate Communications

Tel.: +49 (0)6101 - 5 56 58 - 34

Fax: +49 (0)6101 - 5 56 58 - 77

E-Mail: fritz.wilhelm@firstclimate.com