

**SUMMARY OF PROPOSED INVESTMENT
HUSK POWER SYSTEMS, INC.
April 8, 2010**

Description of the Project:

Founded in 2008, Husk Power Systems Inc. (“HPS” or the “Company”) provides off-grid power to rural Indian villages of about 500 households. HPS uses its own proprietary technology to install and operate 35-100 kW “mini power plants” that delivers electricity as a “pay-for-use” service using a point-to-point system that connects each household or business directly to the HPS power station. HPS sets up these plants in consultation with villagers at no fee to the village and procures rice husk/feedstock at negotiated rates. The firm sets up village-wide distribution systems that wire each household, irrigation station, and commercial enterprise with electricity. Currently, the Company has about 25 plants spread across the state of Bihar in India. HPS’s first community system in India was inaugurated in August 2007 in Tamkuha, Bihar.

Project Sponsors and Major shareholders of the Project Company

HPS is promoted by first generation entrepreneurs Gyanesh Pandey, Ratnesh Yadav, Manoj Sinha and Charles Ransler. The founders won several business plan competitions in the United States and decided to implement their business plan starting in the state of Bihar in India.

Total Project Cost and Amount and Nature of IFC’s investment

HPS expects to establish over 1000 new installations in India and pilot installations in Nepal, Indonesia and Cambodia etc. over the next five years. HPS systems are typically installed in rural areas and are expected to be financed in a combination of equity and debt finance from commercial lenders. HPS is presently in the midst of raising its Pre-Series A funding to fund its first 100 villages in 2010. IFC is considering an investment of up to US\$1.25 million in HPS. Post this round, IFC will also consider providing further equity and debt financing to HPS for its expansion beyond 100 plants.

Location of the Project and description of the Site:

The HPS plants will be spread across villages in the states of Bihar and Uttar Pradesh.

Expected Development Impact:

The Project has a strong development impact in terms of impacting real ‘bottom of pyramid’ households and commercial establishments through affordable electricity supply apart from employment generation and environmental benefits. Rural electrification is in an “acute crisis” as more than 125,000 Indian villages are presently un-electrified. The Indian government has designated several thousand villages as “economically impossible” to reach via conventional means. Further, current power options (kerosene lanterns, diesel generators) are uneconomical, inefficient, and wreak enormous environmental havoc. Without electricity, these villagers are forced to live at the whim of natural forces and lack basic communication, education, and healthcare infrastructure. HPS has identified 25,000 villages as feasible sites within India’s rice producing area (Bihar and neighboring states) for its projects.

IFC’s expected additionality

IFC’s investment is expected to lead to the following additional outcomes:

- a. IFC’s financing will help HPS complete its first 100 plants and help the Company firmly establish the viability and scale potential of its business model. The distributed power business model is considered risky for commercial financing and the Company’s success in its first 100 plants will help establish its credentials in the market.
- b. IFC’s participation will provide HPS a vital ‘stamp of approval’ which will help attract other investors and commercial bank financing.

- c. IFC will play an important role in helping HPS expand its presence in other emerging countries through IFC relationships and knowledge of these countries.
- d. The Company has sought IFC's help in establishing and expanding its staff training services which we intend to do through our Advisory Services program.

Environmental and Social:

This corporate investment in HPS is a Category B project because a limited number of specific environmental and social impacts may result, which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines or design criteria. The key aspects of relevance to IFC's proposed investment in HPS include: corporate social and environmental management systems; processes for social and environmental assessment and impact mitigation; community consultation and engagement; and labor and working conditions. In view of the fact that the location and siting of all projects to be developed by HPS are as yet not known, the Company's individual projects may result in impacts that may have to be managed in accordance with the provisions of IFC Performance Standards 3 through to 8. Hence, the Company will put in place an appropriate social, environmental, occupational health and safety management system (SEMS), consistent with IFC Performance Standards, to manage such project impacts. Potential impacts from each of the facilities are likely to be limited in scale and limited to facility site. Further, it is possible to readily design and implement engineering and management measures to mitigate adverse impacts during construction and operations. The Company will manage its environmental and social performance in accordance with applicable local laws and regulations and international standards, including IFC's Performance Standards on Social and Environmental Sustainability.

A summary discussion on the social and environmental aspects of relevance to the Project including the company's plans to address these impacts has been provided in the Environmental and Social Review Summary (ESRS) prepared by IFC.

For enquiries and comments about the Project contact:

Gyanesh Pandey, CEO
Husk Power Systems, Inc.
A1/102, Kokil Campus, Manna Singh Lane,
SK Purim Patna - 800 013
Bihar, India

Local access of project documentation

Husk Power Systems Private Limited
A1/102, Kokil Campus, Manna Singh Lane,
SK Purim Patna - 800 013
Bihar, India
Telephone: +91 – 612 - 2571214
Website: <http://www.huskpowersystems.com>