

ANNEXURE - A

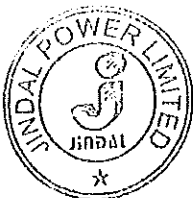
GOVERNMENT OF ARUNACHAL PRADESH

SUB : ALLOTMENT OF 4000 MW ETALIN HYDRO PROJECT AND 500 MW ATTUNLI HYDRO POWER PROJECT M/S HYDRO POWER DEVELOPMENT CORPORATION OF ARUNACHAL PRADESH LIMITED FOR DEVELOPMENT IN JOINT SECTOR

The Government of Arunachal Pradesh has approved allotment of Etalin (4000 MW) and Atunli (500 MW) HEPs to HPDCAPL. The Govt. of AP also approved implementation of the two projects under Joint Venture with Jindal Power Limited. The Joint Venture Company will be formed under an Agreement with Jindal Power Limited under the following terms and conditions.

The Project(s) are allotted to Hydro Corporation for development through joint venture route on following terms and conditions:

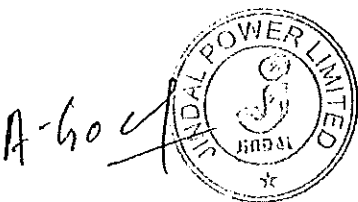
1. The Project(s) shall be implemented by the JV Company on BOOT (Build, Own, Operate and Transfer) basis for an initial lease period of 40 (forty) years from the commercial operation date of the last unit of the Project(s) ("COD"), which may be extended for a further period at the mutually agreeable terms & conditions. The Project(s) shall be reverted to the State Government on expiry of the final lease period free of cost in good working condition.
2. The entire cost of investigation, DPR preparation, Project implementation and subsequent operation and maintenance of the Project(s) will be borne by JV Company.
3. The Project(s) shall be developed as run-of-the-river (RoR) scheme in tune with the State Government policy to develop the Project(s) in the most environment, ecology and people friendly manner.



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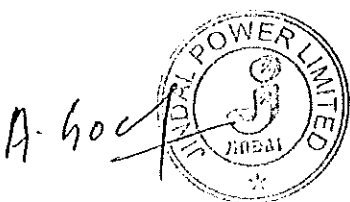
4. The DPR in respect of the Project(s) shall be submitted by the JV Company for approval of the CEA under the Electricity Act, 2003, a copy of which will also be submitted to the State Government. The State Government will assist the JV Company obtaining permission/ clearance in respect of any interstate issue/ diversion of water and approval of CEA under the Electricity Act, 2003.
5. All clearances required from the Central Government in connection with the Project(s) implementation shall be arranged by the JV Company. However, the State Government shall extend necessary assistance in obtaining such clearances including licenses, approvals, sanctions, permits etc. as may be required for the Project(s). The State Government shall accord necessary clearances under its purview within a reasonable period in order to complete the Project(s) as per schedule.
6. The JV Company shall make available information regarding water discharge regularly to the State Government as also the progress achieved in implementation of the Project(s).
7. The State Government or its Agent(s) or a person authorized by the State Government in that behalf shall be free to investigate, survey and implement other Project(s) of any nature either upstream or downstream of the Project(s), provided that it shall not have any adverse impact on implementation, operation, maintenance and financial interest of the Project(s). Further, the development of any upstream and downstream Project(s) would be done in such a way so that the river potential can be optimally exploited in a cascade manner.
8. The JV Company subject to operational and security concerns relating to the Project(s), shall allow the State Government, and its people to use the facilities such as roads, post office, school and dispensary etc., that may be provided by the JV Company as part of the Project(s). The State Government or its authorized Agent(s), will inspect, review and monitor the Project(s) from time to time.



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9. The JV Company may raise investments for the Project(s) from any source in such manner as it may deem fit. However, except as specifically provided herein, JV Company shall not incur any kind of financial liabilities in the name of the State Government in the execution and subsequent operation and maintenance of the Project(s).
10. The JV Company will not be allowed to sell and transfer the Project(s) to any other party without the prior permission of the State Government. However, JV Company, shall be allowed to mortgage the assets and properties of the Project(s) as also assign their rights under this Agreement in favour of the lenders for availing financial assistance to meet the cost of the Project(s) with information to the State Government.
11. The JV Company shall ensure that the execution, operation and maintenance of the Project(s) is in conformity with Prudent Utility Practices and the manufacturer's specifications.
12. The JV Company shall ensure proper quality control and safety measures during implementation of the Project(s). The State Government shall have the right to institute an appropriate mechanism to ensure the compliance by the JV Company in this regard.
13. The JV Company shall make suitable financial provision in the Project(s) cost, if required, for the catchment area treatment plans in consultation with the State Forest & Environment and Wild Life Management Department as approved by the Ministry of Environment & Forests, Government of India. The cost involved on this account shall be paid by the JV Company to the concerned authorities of the State/ Central Government.
14. The JV Company shall carry out Environmental Impact Assessment (EIA) in, association with the State Environment & Forest Department and Wildlife Department as required under the Environment (Protection) Act, 1986 through

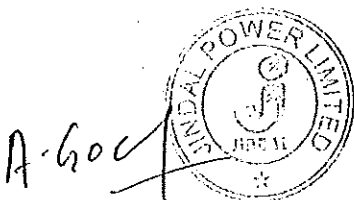


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consultant(s) drawn from a reputed organization and obtain the consent of concerned authorities.

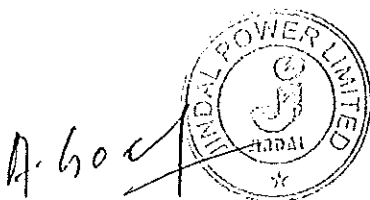
15. The JV Company shall be responsible for maintaining the ecological balance by preventing deforestation, water pollution and defacement of natural landscape in the vicinity of works. The JV Company shall take all reasonable measures to prevent any unnecessary destruction, scarring or defacement of the natural surroundings in the vicinity of the works.
16. The JV Company shall ensure such minimum flow of water immediately downstream of the dam/barrage for downstream requirements as shall be specified in the environmental clearance or for water supply works, fisheries, irrigation and other such schemes downstream of the Dam. The JV Company shall take appropriate steps as may be required for the protection of fish culture as per environmental requirement. All releases of water from the Dam will be gradual and kept to a minimum to prevent downstream damages to life and property.
17. The JV Company shall ensure that the water requirement for the construction of the Project(s) including potable drinking water shall be generally arranged and harnessed by them from the river source. The local sources of water supply may be utilized by the JV Company only to the extent it does not adversely affect the local people.
18. The JV Company shall ensure that the materials excavated from the Site shall be dumped in the area duly approved by the State Pollution Control Board.
19. The JV Company shall ensure that the land is used only for the Project(s) and activities ancillary to the Project(s).
20. The JV Company shall ensure that the taxes as per law are deducted at source from, the payments made to the contractors and deposit the same with the State Government / other statutory authorities.



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21. The JV Company shall strictly comply with the provision of the Forest (Conservation) Act, 1980. The JV Company shall also pay the cost of raising the Compensatory Afforestation including payment of the Net Present Value (NPV) of the forest land being diverted for non-forest purpose under the Forest (Conservation) Act, 1980. The JV Company shall also pay the royalty on the forest produces such as timber, ballies, and all river bed materials etc as per prescribed rates of the State Government in force from time to time. If any precious and semi-precious minerals/stone etc is found from the river beds and/or from the land acquired for and transferred to or leased out to the JV Company for the purpose of construction and maintenance of the Project(s) or in case any object of archeological importance is found by the JV Company or any of its employees / contractors / sub-contractors during the course of construction/operation of the Project(s), the JV Company shall hand over the same to the State Government
22. The provision relating to labour welfare existing as in force under the labour Laws/Acts shall be strictly adhered to by the JV Company during the implementation/operation and maintenance of the Project(s).
23. The provisions of the Electricity Act, 2003 will be diligently adhered to during implementation and subsequent operation and maintenance of Hydro-electric Project(s).
24. The fishing, recreational and navigational rights, tourism prospects in the river, water channel, reservoir, lake, etc. shall remain vested in the Government of Arunachal Pradesh subject only to such restrictions as may be necessary for the operational requirements and safety and security of the Project(s) and the general guidelines of the Government of Arunachal Pradesh.
25. The JV Company shall comply with the Hydro Electric Power Policy of the State as would be in force at the relevant point of time, during the course of implementation



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and subsequent operation and maintenance of the hydel station, subject to the condition that for the JV Company, it is not inferior to the Hydro Power Policy 2008 as on the date of allotment of these Projects to Hydro Corporation/ JV Company.

26. The JV Company will be granted all the tax benefits/incentives as per existing policies of State or Central Government. Any new or improved incentives or benefits which may be announced by State or Central Government after allotment of these Projects to Hydro Corporation/ JV Company will also be additionally extended to the JV Company.
27. Subject to the provisions of condition 54, from the COD, the State Government shall be given free power equivalent to 12% of the deliverable energy of the Project(s). Further, from COD, an additional power equivalent to 1% of the deliverable energy of the Project(s) would be provided and earmarked for local area development fund aimed at providing a regular stream of revenue for income generation and welfare schemes, creation of additional infrastructure for the Project Affected People. The free power of 12% and 1% as above said shall be given at the bus bar and all taxes, duties, levies and costs in respect of the free power and towards its evacuation shall be borne by the State Government.
28. Over and above the free power, the State Government will have the first right to purchase upto 5% of the deliverable energy from the Project(s) if the State Government so desires on mutually agreed terms and conditions subject to the requirement within the State. A separate Power Purchase Agreement (PPA) will be entered into for such purchase of the power between the State Government and the JV Company on accord of Techno Economic Clearance by the CEA on mutually agreed terms and conditions. In case the State do not utilize the quantum of power as agreed in PPA, the JV Company will be free to sell the power to any other party.
29. The JV Company shall be responsible for developing of transmission system for the evacuation of the power from the generating station. The State Government will



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facilitate and grant the right of way to the JV Company for development of evacuation system and also assist the JV Company, in liaising with the appropriate authorities/ organization for formulation of transmission grid plan so as to facilitate evacuation of the power generated by the Project(s). However, in the event of utilizing the infra-structure of the State Government, necessary charges as mutually agreed shall be paid to the State Government. The entire cost of grid interfacing, if so required, including cost of maintenance of the evacuation system will be the responsibility of the JV Company. However, in case, the power generated from the Project(s) is purchased by the State Government, the State Government shall pay the transmission tariff to the JV Company for use of its transmission facility.

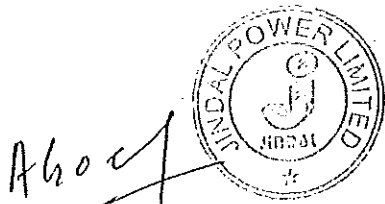
30. It shall be the responsibility of the JV Company for the trading and sale of the power generated from the Project(s). The State Government will not be in any manner responsible for the sale and trading of the power on behalf of the JV Company.
31. The JV Company shall reserve the following categories of posts against the Project(s) to be filled up by the local tribal people, subject to the incumbents fulfilling the job requirements and considered suitable by the JV Company as stipulated below
- | | | |
|-----------------------------------|-----|-----|
| (a) Managerial/Professional post. | ... | 25% |
| (b) Ministerial/Clerical post. | ... | 50% |
| (c) Skilled jobs. | ... | 25% |
| (d) Unskilled jobs. | ... | 75% |
32. The Project(s) affected eligible candidates shall be given preference over others against the above mentioned reservation in various categories of posts/ jobs.
33. The JV Company shall give preference to the local contractors fulfilling the eligibility criteria in the award of the work except for the specialized jobs.
34. Subject to the job requirements and fulfillment of job criteria, willing technical and non-technical personnel of the State Government may be taken on deputation by the JV Company on recommendation of the State Government.



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35. The JV Company shall earmark a reasonable amount for the Corporate Social Obligation in accordance with the National Policy on Rehabilitation & Resettlement - 2003 (NPRR - 2003). The JV Company shall also adhere/conform to the local laws of the State.
36. Rehabilitation & Resettlement plan if any, of the oustees from the Project(s)/Project(s) affected families shall be executed by the State Government as per the approved rehabilitation and re-settlement plan at the cost of the JV Company, keeping in view the latest guidelines issued by Government of India on the subject. The R&R plan shall in any case be not inferior to the National Policy on Rehabilitation & Resettlement-2003 of the Central Government. The State Government in consultation with the Project Affected People and Agency/Body/Committee constituted for the purpose will suggest plan and execute the Local Area Development Schemes.
37. The JV Company shall bear the State Government's share of 10% of the project cost of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) within a radius of 10 km from the power house of the Project(s).
38. For a period of 10 years from the Commercial Operation Date (COD), 100 units of electricity per month would be provided by the JV Company to each Project(s) Affected Family (PAF) through the concerned distribution Company. In case a PAF consumes less than 100 units per month, the cost of balance unused electricity, if any, would be made available to PAF in cash or kind or a combination of both at the rate to be determined by the State Electricity Regulatory Commission.
39. The JV Company shall be fully responsible for any damage or loss arising out of the construction, operation or maintenance of the Project(s) to any property or person and, the JV Company also undertakes to indemnify the Government of Arunachal Pradesh on such account.

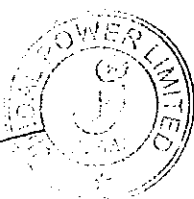


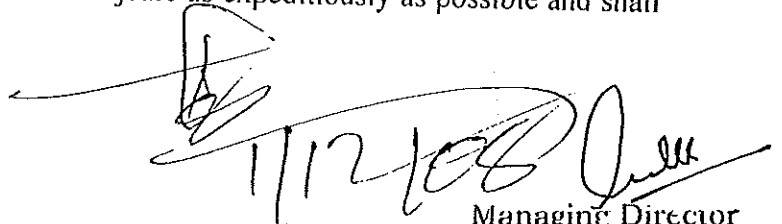
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40. The widening, strengthening and construction of the national highways, state highways, bridges and other roads, other than those sanctioned under Road Development Programme of Government of India, if required by the JV Company, shall be executed by the appropriate State Government or Central Government agency at the cost of JV Company. If any damage to the road and other government and/or public property is done for which only the JV Company is responsible, it shall be got repaired by the JV Company at its own cost.
41. The JV Company shall be liable and responsible for all its acts, neglects, omissions and commissions and for the neglects, omissions and commissions of its contractors and employees.
42. The JV company will be allowed a total period of 5½ years for completion of S & I, preparation & submission of DPR, obtaining all statutory clearances and achieving financial closure from the date of signing JV Agreement. The JV Company will be allowed a further period of 8 (eight) years for implementation of the project(s). In the event of failure to achieve Financial Closure before the expiry of 5 ½ years for the reasons other than covered under Force Majeure, the Government of Arunachal Pradesh after giving due opportunity to the JV Company to achieve Financial Closure reserves the right to withdraw/take-over the Project(s).
43. The JV Company shall not be responsible in any manner for the time delays and/or losses arising out of the Force Majeure situation such as war, earthquake, flood, fire, explosion, epidemic, cyclone, external invasion, civil commotion, riots, terrorism, Governmental Acts/embargoes etc., which are beyond the reasonable control of the JV company. The JV company, upon serving notice thereof to the State Government setting out therein particulars thereof shall be excused from performance of its obligations to the extent prevented, delayed or interfered with for the period Force Majeure conditions persist. The JV Company when affected shall make its best efforts to remove such cause of Force Majeure as expeditiously as possible and shall

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 Managing Director
 Hydro Power Development
 Corporation of Arunachal Pradesh Ltd.

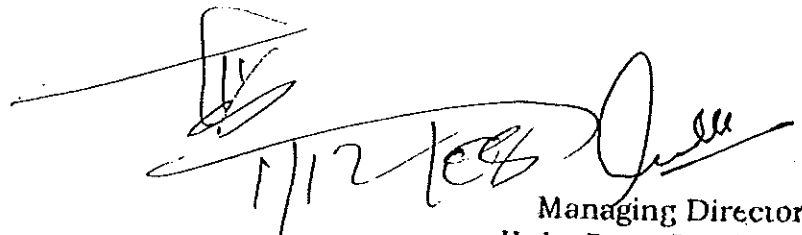
continue performance hereunder with due dispatch whenever such cause(s) is removed.

44. In the event of failure to start construction work on stoppage of the construction work of the Project(s) during the period of construction by the JV Company for a continuous period of more than 12 (twelve) months for reasons not covered under Force Majeure or for reasons attributable to the JV Company and/or abandonment of the Project(s) by the JV Company, the State Government shall, after giving due opportunity to the JV Company to resume the work, have the right to take-over the Project(s) without owing any liabilities towards the JV company..
45. Upon execution of the JV Agreement, upfront fee including processing fee of Rs. 6.00 Lakhs per MW aggregating to Rs. 240.00 Crores (Two Hundred forty Crores) for Etalin Project and Rs. 2.50 Lakhs per MW for Attunli Project aggregating to Rs.12.50 Crores (Twelve Crores Fifty Lakhs). The payment shall be made through Demand Draft favouring Secretary Power, Government of Arunachal Pradesh and shall be payable at Itanagar.
46. In the event of reduction in capacity of the project, the State Government shall not be bound to refund the proportionate reduction in the amount of the upfront fee including processing fee. However, in the event of increased in the installed capacity of the project, the JV Company shall pay the upfront fee including processing fee for the additional capacity of the project as prescribed by the Government as per the Hydro Power Policy-2008.
47. In the event of the Project(s) becoming unviable after the DPR or other reports, no claim for reimbursement of any expenses incurred by the JV Company will lie against the State Government and the liability of the State Government, in such event will be limited solely to refund of the total upfront fees paid by the JV Company without any interest to JV Company. But if the Project(s) is found viable but not taken up

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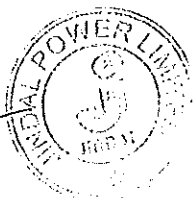


Managing Director
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Corporation of Arunachal Pradesh

thereafter due to the fault of the JV Company, the State Government shall have the absolute right to forfeit the said upfront fees and processing fee.

48. In case the Project(s) are cancelled/taken back by the State Government for reasons other than those mentioned in Condition number 42, 43 and 47 or JV Company is not able to implement the Project(s) for no fault of JV Company, necessitating abandonment of the project, the State Government will refund the total upfront fees including processing fee without any interest to JV Company.
49. The JV Company shall commission the Project(s) within a period of 8 (Eight) years from the date of commencement of implementation of the Project(s) as per condition 42.
50. In the event of failure on the part of the JV Company to commission the Project(s) within the period specified in clause 49 above, the JV Company shall be liable to pay penalty @ Rs. 60,000/- (Rupees Sixty thousand) per MW per month for Etalin Project and @ Rs. 20,000/- (Rupees Twenty thousand) per MW per month for Attunli Project to the State Government for the period of delay, except when such delay is due to Force Majeure reasons.
51. The State Government shall appoint an appropriate State Government authority, for the purpose of overseeing the progress of the Project(s) and sort out the difficulties and issues that could arise with respect to implementation of the Project(s). The JV Company shall be represented by a senior executive not below the rank of General manager of the JV Company.
52. JV Company shall deposit 0.1 % of the Project cost (as per DPR) with the State Government towards project monitoring, evaluation and co-ordination (both technical and financial) subject to a ceiling of Rs. 10 crores. The deposit shall be made after the approval of DPR.

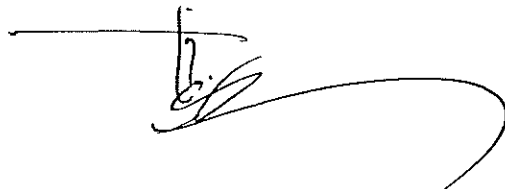
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Hydro Power Development Corporation

53. The Hydro Power Corporation will have 26 % equity share in the JV Company. JV Partner and Hydro Corporation shall execute a Joint Venture Agreement and upon execution of such Joint Venture Agreement, JV Partner shall on request from Hydro Corporation, if required syndicate the loan (including interest payment on the loan and cost of raising the loans) for Equity contribution of the Hydro Corporation in the JV Company based upon the security of 12% free power of the State and pledge of Equity of Hydro Corporation in the JV Company for repayment of loan till the entire loan is liquidated after which the utilisation/revenue from the 12% free power will be available to the State Government.
54. The proceeds from sale of free power entitlement of the State Government as per condition 27 and the dividends in respect of Equity of Hydro Corporation in the JV Company would be utilized for repayment of due amount of the loan including interest and cost of raising loan arranged by the JV partner till the amount of loan for equity raised for the Hydro Corporation is liquidated.
55. In case Hydro Corporation arranges its own Equity and / or through its authorized agency, then Hydro Corporation and / or such agency shall be allowed to do so, provided that such arrangement shall not entail any liabilities towards State Government.
56. The JV Company shall be governed and bound by the guidelines as may be notified by the Government of India or the State Government under the relevant Acts from time to time.





 Managing Director
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 Itanagar

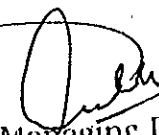
OBLIGATIONS OF THE STATE GOVERNMENT

1. The land required for the construction, operation and maintenance of the Project(s) and for the associated works as will be assessed by the JV Company shall be transferred by the State Government to the JV Company on lease basis for the period of the agreement or the extended period of agreement in case the agreement is extended against payment of land revenue as per approved rate of State Government.. The JV Company shall be entitled to mortgage the land to the lenders/financers of the Project(s) subject to the condition that such period of mortgage shall not exceed the lease period. The JV Company will acquire land under the Land Acquisition Act, 1894 as in force and as per Bengal Eastern Frontier Regulation, 1873 (5 of 1873) at the expense of the JV Company such private lands within the State of Arunachal Pradesh, as may be required from time to time by the JV Company for the construction, operation and maintenance of the Project(s).
2. The State Government would make arrangements to maintain general law and order in and around the Project(s) area for security and safety of properties of the Project(s), protection of life of the workers and experts/ engineers/officers during execution, commissioning and subsequent operation and maintenance. However, if any special arrangement including establishment of new police outpost / police station with manpower is required by the JV Company within or in the vicinity of the Project(s) Site, such arrangements shall be made by the State Government, at the cost of the JV Company.
3. The tariff for the energy generated by the Project(s) during pre-commissioning stage shall be fixed as per the specific guidelines of Government of India/ State Electricity Regulatory Commission for such energy for hydro-electric projects.
4. The State Government shall provide due assistance to the JV Company to obtain, in accordance with the prevailing Law and regulations, necessary permits to install and use suitable radio communication systems including satellite communication

A. G. Choudhary



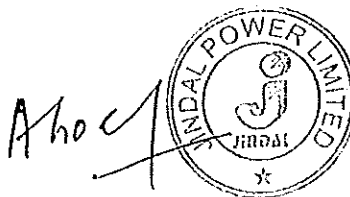
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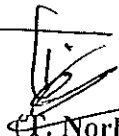

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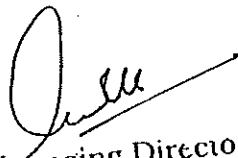
equipment and walkie-talkies. Any system connecting with the national telecommunication system or any international telecommunication system will be subject to approval / license from the relevant authorities for the issuance of which the State Government shall assist.

5. The State Government shall provide due assistance to the JV Company under the law and regulations, to obtain permission to procure, store and use such explosives which are required for the Project(s); provided that the responsibility of obtaining such a clearance and making the necessary arrangements shall rest with the JV Company.
6. The State Government shall provide due assistance to the JV Company in obtaining all necessary import licenses for the Project(s) from the relevant Central Government authorities to the extent permissible by Law. The JV Company shall submit a list of such equipments required to be imported for the Project(s) to the State Government for approval. The State Government shall provide necessary need based assistance in obtaining the concessions and incentives given by the Central Government for setting up of Project(s) in North Eastern States. The State Government shall extend all the benefits to the Project(s) under Mega Power Policy Guidelines issued by the Central Government. The suggestions made in the Mega Power Policy for waiver of State and Local level cess, taxes and duties leviable on the development and implementation of hydro projects shall be duly considered by the State Government.
7. The State Government shall allow the JV Company to develop and own one or more small hydro projects in the Project(s) area to meet the construction power and other power requirements for the implementation and operation and maintenance of the Project(s).

Chairman (HPDCAPL)




(P. Norbu)
Secretary (Power)


Managing Director
Hydro Power Development
Corporation of Arunachal Pradesh Ltd
Itanagar