



(H.P. Govt Energy Development Agency)
Block 8-A SDA Complex Kasumpti Shimla-171009
Telephone 0177-2621783 Fax 0177-2622635

No. HIMURJA/SHP-IA/RA(27)/2006-07- 12796
To

Dated: 24 Nov., 2010

M/s Bloot Fozal Hydro (P) Ltd.,
Apple Valley Resorts (P) Ltd.,
VPO Mohal,
District Kullu (H.P.)

Subject: - Tripartite Agreement/Implementation Agreement for BALOOT-FOZAL (4.60 MW) SHEP in District Kullu (H.P.)

Dear sir,

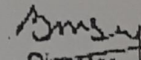
This has reference to Tripartite Agreement and Implementation Agreement (IA) of BALOOT FOZAL (4.60 MW) SHEP, District Kullu (H.P.) signed by you with H.P. Govt. on 23rd November, 2010. Enclosed please find one set of Tripartite Agreement & Implementation Agreement in original for information and record at your end. You are requested to attend to the following points in regard to the projects being executed by you.

- i) The requisite works of land acquisition, obtaining of clearances, non-objection certificate and mobilization of work force & machinery be initiated immediately for timely completion of the projects.
- ii) Sign boards highlighting various details as per Annexure-A be prepared and fixed at the main road on the bifurcation and at the proposed site of the project.
- iii) A proforma (Annexure-B) showing the details of various activities required for the execution of HEPs is enclosed with the request that all these activities including more, if any, be incorporated in the construction schedule for BALOOT FOZAL (4.60 MW) project and copies of the same be sent to us in quadruplicate within one month. The Bar Charts for BALOOT FOZAL (4.60 MW) project be accordingly prepared after planning and fixing all the requisite activities and submitted to this office in quadruplicate within one month.
- iv) Quarterly progress report in respect of BALOOT FOZAL (4.60 MW) project on the prescribed proforma (Annexure-C) for four quarters i.e Jan-March, April-June, July-September and October-December be sent to this office by the 10th of the succeeding month regularly and in time positively.
- v) Information regarding the staff employed for BALOOT FOZAL (4.60 MW) SHEP, whether Himachalis or Non-Himachalis, Skilled, & Semi-Skilled with their complete residential address be supplied regularly on monthly basis.
- vi) If at a later stage, it is found that some information has been suppressed or false documents have been supplied by you at the time of submission of application or subsequently, the whole responsibility will be yours and Govt. will be at liberty to take legal action against your firm.

This may be treated as most urgent and receipt of this letter may kindly be acknowledged.

Yours faithfully,

Encl.:- A/A


Director, HIMURJA

Endst. No.:- A/A

Dated:- Nov., 2010

Copy of Implementation Agreement of **BALOOT FOZAL (4.60 MW) SHEP in District Kullu (H.P.)** in respect of **M/s. Bloot Fozal Hydro (P) Ltd., Apple Valley Resorts (P) Ltd., VPO Mohal, District Kullu (H.P.)**, forwarded to the following for information & record at their end please.

- i) Pr. Secretary (NES), to the Govt. of H.P., Shimla-171002.
- ii) Pr. Secretary (Home), to the Govt. of H.P., Shimla-171002.
- iii) PCCF, Forest Department, Talland, Shimla-171001.
- iv) Director (Energy), Thakur Vatika, Khalini, Shimla (H.P.)-171002.
- v) The Additional Secretary (Revenue), to the Govt. of H.P., Shimla-171002.
- vi) The Chief Engineer (Commercial), HPSEB, Vidyut Bhawan, Shimla-171004.
- vii) The Chief Engineer (SP), HPSEB, Vidyut Bhawan, Shimla-171004.
- viii) The Chief Engineer (P), HPSEB, Vidyut Bhawan, Shimla-171004.
- ix) The Deputy Commissioner, Kullu (H.P.).
- x) The Member Secretary, PCB, BCS-III, New Shimla (H.P.)-171009.
- xi) Director (SHP), MNES, Block No. 14, CGO Complex, Lodhi Road, New Delhi-110003.
- xii) The Director-cum-Warden of Fisheries, Himachal Pradesh, Bilaspur, District Bilaspur (H.P)
- xiii) Labour Commissioner-cum-Director, Employment H.P., HIMRUS Building, Near HIGHLAND Hotel, Shimla.
- xiv) The Project Officer, HIMURJA, Kullu (H.P.)

Director,
HIMURJA,
Kasumpti, Shimla-9



हिमाचल प्रदेश HIMACHAL PRADESH

01AA 774.49

**IMPLEMENTATION AGREEMENT
FOR
BALOOT-FOZAL HYDRO ELECTRIC PROJECT (4.60 MW)
DISTRICT KULLU, HIMACHAL PRADESH**

THIS IMPLEMENTATION AGREEMENT executed on the 23rd day of the month of November, 2010, (Two Thousand Ten) BETWEEN THE GOVERNMENT OF HIMACHAL PRADESH through the Special Secretary (NES), to the Government of Himachal Pradesh-cum-Chief Executive Officer, HIMURJA, having its office at Block B-A, URJA Bhawan, SDA Complex, Kasumpti, Shimla (H.P.)-171009, (hereinafter referred to as the "First Party") which expression shall unless repugnant to the context or meaning thereof include its successors, assigns and legal representatives of the FIRST PART.

Director

AND

M/s Bloot Fozal Hydro Private Limited, a generating Company within the meaning of Section 2 (28) of the Electricity Act, 2003 having its Registered Office at Apple Valley Resorts (P) Ltd., VPO Mohal, District Kullu (H.P.)-175128 and site office in Himachal Pradesh at Mohal, Kullu (hereinafter referred to as the "Second Party") which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators and assigns, through Mr. Atul Sharma, Director, who is duly authorized by the competent authority of the Company vide letter No. NII, dated 6th September, 2010, to execute this Agreement, of the OTHER PART.

Atul Sharma
Special Secretary (NES)
to the Govt. of H.P. -
cum - CEO HIMURJA
Shimla - 171009

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WHEREAS the First Party in accordance with the policy guidelines of the Government of Himachal Pradesh (hereinafter referred to as "GOHP") had entered into Memorandum of Understanding (MOU) on 05/06/2007 (APPENDIX "A") with the Second Party to carry out detailed investigations of the BALOOT-FOZAL Hydro-electric Project of 2.00 MW capacity and located in District Kullu, Himachal Pradesh (hereinafter referred to as "Project") and Second Party has submitted, within the stipulated period from the date of signing of MOU, a Detailed Project Report (DPR); and

WHEREAS the Second Party has carried out necessary detailed investigations for the Project and submitted a DPR for 4.60 MW project capacity to the First Party and both the parties have satisfied themselves about the techno economic feasibility of the Project; and

WHEREAS the competent authority has accorded Techno Economic Clearance (TEC) to the project for 4.60 MW capacity vide their letter No. HPSEB/CE(P)/CC-Baloot Fozal/2007-6303-13, dated 10/02/2009; and

WHEREAS the First Party has approved enhancement of capacity from 2.00 MW to 4.60 MW on dated 20/08/2010; and

WHEREAS it is deemed necessary and expedient to enter into a detailed agreement between the parties hereto incorporating the terms and conditions of this agreement arrived at for the implementation of the Project; and

Manselua
Special Secretary (NES)
to the Govt. of H.P. -
cum - CEO HIMURJA
Shimla - 171009

No. 1035207

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NOW THEREFORE THE PARTIES DO HEREBY AGREE AND AFFIRM HEREUNDER AS FOLLOWS:-

1. STATEMENT OF IMPLEMENTATION OF PROJECT

Both the parties agree that the Project shall be implemented, subject to the terms and conditions mentioned in this Agreement.

2. DEFINITIONS.

2.1 In this Agreement, the various terms shall have the following meanings, except where the context otherwise requires, definitions and other terms expressed in the singular shall also include the plural and vice versa, namely:-

- (a) "agreement" shall mean this agreement together with all its appendices and annexures and any amendments thereto made in accordance with the provisions herein contained;
- (b) "concession period" shall mean the duration for which the First Party allows the Second Party to build, own and operate the Project;
- (c) "commercial operation date" (COD) shall mean the date on which Second Party synchronizes the First unit of the Project with the grid;
- (d) "construction schedule" means the schedule of construction attached as "APPENDIX-B";
- (e) "contractor" means any person, firm or body corporate engaged by the Second Party for the implementation of the Project;
- (f) "deliverable energy" shall mean the electrical energy generated by the project, as measured at the interconnection point;
- (g) "effective date" means the date on which this agreement is signed by the parties hereto;
- (h) "energy/power" shall mean the electrical energy/power in Kwh/MW;
- (i) "force majeure" shall have the meaning as described thereto in Clause 15.2 hereunder;
- (j) "Implementation of project" shall mean an act to establish, own, operate and maintain the Project;
- (k) "HIMURJA" means the Himachal Pradesh Energy Development Agency;
- (l) "Inter-connection Point" shall mean the physical touch point(s) where the Project shall be interfaced at 33 KV level with 33/122 KV sub-station at NAGGAR Near Manall through 33 KV Single Circuit Line for evacuation of power subject to the approval of HPERC and shall be at the cost of IPP.
- (m) "month" shall mean the English Calendar month;
- (n) "permanent works" means the permanent works forming part of the Project and shall include housing facilities for staff to be engaged for operation and maintenance of the Project;

Harsh Kumar
Special Secretary (NES)
to the Govt. of H.P.
C/O HIMURJA

Blood Fozal Hydro Pvt. Ltd. (e)
Director

No. 1035208

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Himachal Government Judicial Paper

- (o) "Plant" shall mean imported and indigenous machinery, equipment, spares and other items required for and which form part of the permanent works of the Project.
- (p) "Power Purchase/Wheeling Agreement(s)" shall mean the agreement(s) to be signed between the Second Party and HPPTCL/concerned party (ies) as per Clause 12.5 hereunder.
- (q) "Project Affected Areas" shall mean areas/ villages surrounding/ falling in the catchment/ watershed areas extending from the Reservoir/Diversion Weir to the Tail Race of the Project.
- (r) "project cost" shall mean the actual capital expenditure on the Project incurred upto the completion of the Project including all costs incurred by the Second Party in complying with the terms of this Agreement, unless mentioned otherwise, but not exceeding the approved Project cost in the DPR as per techno economic clearance accorded by the competent authority, as the case may be. Where the actual expenditure exceeds the approved Project cost, the excess expenditure as approved by the Competent Authority shall be deemed to be part of the actual capital expenditure;
- (s) "scheduled commercial operation date" shall mean the date by which the Second Party shall have synchronized the first unit of the Project with the Grid as per the Construction Schedule;
- (t) "site" shall mean the site of Project appurtenances, generating Plants including land, waterways, roads and any rights acquired or to be acquired by Second Party for the purposes of the Project;
- (u) "State" shall mean the State of Himachal Pradesh;
- (v) "temporary works" means all temporary works of any kind required in connection with the execution of the works of the Project and not forming part of permanent works; and
- (w) "works" means all works inclusive of the temporary works and permanent works including design, engineering services, supplies and other work activities required and necessary for the completion of the Project;
- (x) "competent authority" will be the Director Energy, the Government of Himachal Pradesh or such entity as may be notified in this behalf by the Government of HP from time to time.

[Handwritten signature]
 Blood Fozal Hydro Pvt. Ltd.
 Director

2.2 Any term used in this agreement but not defined under this Clause shall have the same meaning as assigned to it under the Electricity Act, 2003.

3. SECURITY CHARGES

And whereas the Second Party has furnished security charges (EMD) by way of a Demand Draft bearing No. 820141, dated 14/09/2010 amounting to ₹ 0.35 Lac (Rupees Thirty Five Thousand Only) @ ₹ 35,000/- per project (refundable) for the project capacity beyond 2.00 MW and upto 5.00 MW, in favour of Director, HIMURJA, payable at Shimla, based on capacity in MW as per approved TEC. The amount of Security Deposit shall be treated as Performance Guarantee after the commissioning of the Project, which shall be refunded to the Second Party only after successful operation of the project for 6 (six) months from COD of project.

[Handwritten signature]
 Special Secretary (NES)
 to the Govt of H.P. -
 cum - CEO HIMURJA
 Shimla - 171009

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4. GRANT OF PROJECT CONCESSION BY STATE GOVERNMENT

4.1. The First Party agrees to permit the Second Party, for the project BALOOT FOZAL (4.60 MW) capacity, to establish, own, operate and maintain the Project for a period of 40 (forty) years and the date shall be reckoned after 30 months from the date of the signing of the Implementation or from the date till which extension in SCOD is granted by the First Party. After the expiry of the Implementation Agreement period of 40 (forty) years, the project shall revert to the First Party free of cost and free from all encumbrances. However, the First Party would have the option to grant a further extension for a period mutually agreed upon between the First Party and the Second Party after re-negotiations of terms and conditions of the already signed Agreement.

4.2. The Project assets would be maintained by the Second Party in a condition that would ensure a residual life of the project at the rated capacity for at least concession period. During the 10th, 20th, 30th & 35th years of operations, the First Party or one of its appointed agencies would carry out a mandatory inspection of the Project site to ensure that the Project assets are maintained to the required standards to ensure the specified generation capability and residual life of the plant.

If such inspections find that the project capacity and/or life are being undermined by inadequate maintenance, the First Party shall be entitled to seek remedial measures from the Second Party. If the Second Party fails to comply with the requirement, the First Party would have the right to take over the commercial operation of the project and shall have full right upon the sale of power including Second Party share. The cost on account of suggestive remedial measures shall be deducted from the sale of Second Party's share of metered power including the operation & maintenance cost for such a period till the project's assets are restored to the requisite standards to ensure the specified generation capability and residual life of the Project as specified above. Thereafter, the Project shall be handed over to the Second Party.

5. STARTING DATE OF PROJECT.

5.1. Within six months from the effective date of signing of this agreement, the Second Party shall start the construction of the Project after meeting the following major requirements, namely:-

a) Obtaining statutory/non-statutory clearances listed below:-

- i) PWD
- ii) I&PH
- iii) Wild Life
- iv) Fisheries
- v) Revenue Department to the effect that project does not interfere any irrigation or traditional water mills rights
- vi) Forest Land Clearance
- vii) Private Land Transfer (Permission under Section 119)
- viii) PCB

- b) Obtaining the resolution of "No Objection" from concerned Gram Panchayat(s)
- c) Finalize Power Purchase/Marketing Agreement(s)
- d) Such other clearances as may be specified by the First Party subsequent to the signing of this Agreement.

Extension in this period, which is not due to force majeure reasons, can be allowed on payment of an extension fee of ₹ 10,000/- per MW per month. However, maximum extension in this case shall be upto 30 (thirty six) months only.

Harshdeep
Special Secretary (NES)
to the Govt. of H.P. -
C/O HIMURJA

Baloot Fozal Hydro Ppt. Ltd.
Director

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- 5.2 HIMURJA shall monitor the progress of the Project periodically and shall also monitor the progress of steps taken/being taken by the Second Party for obtaining the statutory/non-statutory clearances mentioned in Clause 5.1 above. The Second Party shall be required to obtain these statutory/non-statutory clearances from the concerned department & Gram Panchayat(s) after paying the prescribed fee fixed by these departments and commence the construction work within the time frame specified in Clause 5.1 above. At the end of each quarter, the Second Party shall be required to submit quarterly progress report to the First Party. The first party will be at liberty to cancel the Implementation Agreement (IA), after affording due opportunity to the Second Party, in case the First Party is not satisfied about the progress made by the Second Party.

6. CAPACITY ADDITION

- 6.1 If the Second Party enhances the capacity of the project at any stage then prior approval of the First Party will be mandatory for enhanced capacity and the Second Party shall be required to furnish the capacity addition charges or up-front premium as applicable at the rates notified by the H.P. Government from time to time.

The Second Party has furnished capacity addition charges (non-refundable) in the shape of Demand Draft No. 459844, dated 16/11/2010, amounting to ₹ 11.00 Lac (Rupees Eleven Lac Only), in favour of Director, HIMURJA, payable at Shimla, H.P.

- 6.2 Second Party shall have to deposit processing fee afresh and deposit security charges for signing of Supplementary Implementation Agreement (SIA) on account of enhanced capacity at the rates applicable at the time of signing of SIA.

7. TERMINATION OF AGREEMENT

- 7.1 In the event of stoppage of construction on the main Project components by the Second Party for a period of more than three months for reasons not covered under force majeure and for reasons attributable to the Second Party, the First Party shall, after giving due opportunity to the Second Party, have the right to terminate this Agreement. In such event, the Performance Guarantee, furnished by the Second Party in the shape of Demand Draft as per Clause 3 of the agreement, shall stand forfeited and the Site shall revert to and shall vest in the First Party without any compensation. Notwithstanding any vestment in the First Party under this clause, the Second Party shall be liable to pay all the dues owed to the First Party by the Second Party in pursuance to this agreement.

- 7.2 During the operation of the Project, the Second Party shall ensure free energy to the First Party as per Clauses 12.1 & 12.2 hereinafter. In the event of the First Party (i) not being able to provide free power as per Clauses 12.1 & 12.2 to the First Party for reasons other than transmission failure, or (ii) abandons the Project, the First Party shall have the right to terminate this agreement after serving a notice to the Second Party.

8. LAND

- 8.1 The First Party shall acquire, at the request and expense of the Second Party within the provisions of Land Acquisition Act, 1894, such private lands within the State of Himachal Pradesh as may be required by the Second Party and as considered appropriate by the First Party for the implementation of the Project. The Second Party shall also be allowed to acquire such land through direct negotiations with the owners in accordance with the prevailing laws, rules and regulations in the State.

Naresh Kumar
Project Secretary (NES)
of the Govt of H.P.
csm - CEO HIMURJA
Shimla - 171009

No. 0071582

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8.2 Land whether private or Government except for permanent structures relating to the Project such as water conductor system, power houses building, switchyard area etc. shall be taken only on lease basis at the rates approved by the Government for the agreement period. The First Party shall acquire the land for the permanent structures by invoking the compulsory provisions under the Land Acquisition Act, 1994 in order to expedite the execution of Projects.

8.3 The First Party shall arrange for the short term lease for a period as per the actual requirement not exceeding five years, of Government land required by the Second Party for temporary works for the construction of the Project as considered appropriate by the First Party on such terms, conditions and rates as may be prescribed/fix by the Government from time to time.

9. PROTECTION OF ENVIRONMENT

9.1 The Second Party shall make suitable financial provisions in the Project Cost for the Catchment Area Treatment Plans, if required and as may be determined by the GOI, MOEF/State Government. The cost involved on this account shall be paid by the Second Party to the First Party.

9.2 The Second Party shall be responsible to maintain ecological balance by preventing deforestation, water pollution and defacement of natural landscape in the vicinity of works area. The Second Party shall take all reasonable measures to prevent any unnecessary destruction, scarring or defacement of the natural surroundings in the vicinity of the Project.

Blood Forest Hydro Pvt. Ltd.

Director

9.3 The Second Party shall give an undertaking to the Fisheries Department of the of the local area that wherever feasible, rearing of fish shall be promoted by the Second Party in consultation with Fisheries Department in the project area at the time of final implementation of the Project. The Fisheries Department will charge compensation @ ₹ 0.50 Lac per KM from Tail Race to Weir of the project. In addition, the IPPs will pay ₹ 0.50 Lac per MW to the Fisheries Department. It will be mandatory to utilize this amount on the same stream/hallah or elsewhere and formulate schemes accordingly.

9.4 The Second Party shall ensure that the material excavated from the site shall be dumped in the area duly approved by the Ministry of Environment & Forests, the Government of India/State Pollution Control Board.

9.5 In case any existing facilities such as irrigation, water supplies, roads, bridges, buildings, communication systems, power systems and water mills are adversely affected because of the implementation of the Project, the cost of replacement thereof or of the remedial measures, as the case may be, shall be included in the Project cost. Though such facilities shall be mutually identified, listed and finally fixed within four (4) months of signing of this Agreement, the Second Party shall be responsible to make good the loss or provide remedial measures as are necessary even during implementation of the Project. The Second Party shall not interfere with any of the existing facilities, till alternate to the facility as is finally decided for replacement, is not created.

9.6 The Second Party, "If ROR Project, shall ensure minimum flow of 15% water immediately downstream of the diversion structure" of the Project throughout the year. For the purpose of determination of minimum discharge, the average discharge in the lean months i.e. from December to February shall be considered. This minimum discharge is required keeping in mind the serious concerns of the State Government on account of its fragile ecology & environment and also to address issues concerning riparian rights drinking water, health, aquatic life, wild life, fisheries, soil and even to honour the sensitive religious issues like cremation and other religious rites etc. on the river banks".

Harsh Kumar

Secretary (N&S)

in the Govt. of H.P. -
cum- CEO HIMURJA
Shimla - 171009

No 1035200

2010

Himachal Government Judicial Paper

9.7 The Second Party shall ensure that the water requirement for construction of the Project including domestic needs for its residential colonies be arranged and harnessed by them from the most sources only and the local sources of water supply shall not be disturbed.

9.8 The First Party shall have the right for withdrawal of water from the river course for consumptive use by pumping or by gravity for the purpose of potable water supply and irrigation to the affected villagers.

10. REHABILITATION/RESETTLEMENT:-

The Second Party shall prepare Rehabilitation and Resettlement Plan as per model R&R plan annexed to this agreement for people residing at site as on the effective date and likely to be adversely affected or displaced due to construction of the Project.

11. EMPLOYMENT TO HIMACHALIS

The Second Party shall ensure to employ at least seventy percent of its total manpower, employed whether on regular /contractual/ Sub contractual/ daily basis or employment through any other mode from amongst the bonafide Himachalis at all levels in 'A' 'B' & 'C' category of Blocks respectively. The employment condition shall not be applicable to Projects employing only one employee, located anywhere in the State and in the self employed ventures where the owner is running the unit without employing any manpower. In case of violation of this condition at any point of time during the period of construction of the project and during operation & maintenance of the project, the Second Party shall be penalized and the Second Party shall be liable for further stringent action, including refusal of accepting supply by HPSEB Ltd./any other licensee from the commissioned projects.

Labour Department will monitor the employment position at site as per the provision of Industrial Act. Any violation noticed by Labour Department or HIMURJA will be communicated to the Second Party for rectification. If the Second Party fails to rectify the same within three months, penalty @ ₹ 10000 per MW for each percentage of shortfall of violation shall have to be paid by the Second Party. If the violation is repeated for 6 months the penalty amount shall be doubled.

The Second Party shall be required to provide mandatory employment related information to the Labour Department of the Himachal Pradesh Government as well as concerned HIMURJA's Project Officer on the lines of instructions issued by the First Party in this regard within one month of signing of the IA and thereafter on monthly basis.

12. FREE POWER TO GOVERNMENT

12.1 i) Royalty on water usage in respect of sale of power within the State (captive use or sale to HPSEB Ltd.) will be @ 9% in the shape of free power (energy) to the State from BALOOT FOZAL (4.60 MW) SHEP for a period of 12 years reckoned after 30 months from the date of signing of IA of the Project or from the date till which extension in SCOD is granted by the First Party. Beyond 12 years, royalty shall be @ 18% for next 18 years and beyond that @ 27% upto the date of taking over of the project by First Party referred to in Clause 4.1 of this agreement.

ii) If Second Party makes captive use of Power outside the State or make third party sale, the above rates of royalty shall be 15%, 18% and 27% respectively reckoned after 30 months from the date of signing of IA of the Project or from the date till which extension in SCOD is granted by the First Party.

Kanathua
Special Secretary (NES)
to the Govt. of H.P. -
cum - CEO HIMURJA
Shimla - 177 09

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- 12.2 The Second Party shall provide an additional 1% (one percent) free power from the Hydro Power Project over and above the free power royalty rates for a Local Area Development Fund (LADF) aimed at providing regular stream of revenue for income generation and welfare schemes, creation of additional infrastructure and common facilities etc. on a sustained and continued basis over the life of the project. This fund would be available in the form of an annuity over the entire life of the project.

This additional 1% (one percent) free power, over and above the free royalty rates prescribed above in this Agreement, to be provided to the host State will be a pass through in tariff.

The Second Party shall provide above mentioned free power plus 1% (one percent) to the First Party, which will provide revenue received from such 1% free power to the Local Area Development Fund for the project to be operated by a Standing Committee to be constituted by the First Party.

12.3 Royalty rates for capacity addition

If capacity addition is more than 20% over and above the allotted capacity but overall capacity remains upto 5.00 MW, 3% extra royalty/free power over and above the normal royalty/free power agreed to in the IA signed immediately prior to the capacity enhancement/ or as per prevailing Hydro Power Policy at the time of signing of IA, in case IA/SIA not signed earlier, shall be payable to the Government on the total capacity.

If allotted capacity is 5.00 MW or less and on capacity addition upto 20% by way of optimization it gets shifted to the category of above 5.00 MW capacity the royalty rates of free power applicable to the projects above 5.00 MW shall be levied on the entire capacity of the project.

If allotted capacity is upto 5.00 MW and after capacity addition of more than 20% by way of optimization it gets shifted to the category of above 5.00 MW capacity, 3% extra royalty will be charged over and above the rates of royalty as per the policy applicable to the Projects of above 5.00 MW capacity.

- 12.4 Free energy shall be made available by the Second Party at the interconnection point to the HPSEB Ltd. and the metering shall be done at this point.

No wheeling/transmission charges shall be payable for free energy from the generating station to the interconnection point.

Wheeling charges required to be paid for power to be transmitted within and outside the State shall be determined as per the policy of HPSEB Ltd./SERC/HPPTCL at that time.

- 12.5 The balance energy, after adjustment of free energy, may be used/sold by the Second Party in the following manner:-

- (a) Sale to the HPSEB Ltd., for which the Second Party and HPSEB Ltd. shall enter into a mutual agreement.
- (b) Make captive use outside the State or make third party sale for which the Second Party shall enter into suitable agreement for transmission of power with concerned entities.

Harshdeep
Special Secretary (NES)
to the Govt of H.P. -
cum - CEO HIMURJA
Shimla - 171009

No 1035300

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13 OBLIGATIONS OF THE PARTIES

Obligations of the Second Party.

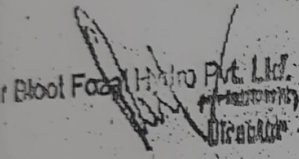
- 13.1 Subject to availability, security, and operational factors, being met, the Second Party shall permit free use by the First Party and the general public of all service roads constructed and maintained by R for the project. The Second Party shall bear the cost of any of the existing roads required to be improved/ widened for the construction of the project and also bear the incremental maintenance cost.
- 13.2 The Second Party shall undertake the implementation of the Project, keeping in view all stipulated quality control and as well as safety standards and the physical as well as financial parameters of the approved DPR. The Private Investor shall allow access to the authorized representative(s) of the Himachal Pradesh Government/HPSEB Ltd./HIMURJA/any other Agency authorized by Himachal Pradesh Government to all location of the Project to ensure compliance in this regard.
- 13.3 The Second Party shall ensure that the execution, operation and maintenance of the Project is generally in accordance with the DPR approved by the HPSEB Ltd./First Party. The First Party shall ensure that the Planning/Design/Construction of any other Hydro-electric Project upstream/downstream of the Project shall not affect the annual energy generation at the Project adversely. The Second Party shall also have no claim on account of development of any upstream and downstream Project in future, which may be constructed with the approval of the First Party unless such development adversely affects the scope of the Project.
- 13.4 The Second Party shall be fully responsible for any damage or loss arising out of the construction, operation or maintenance of the Project to any property or person and also undertake to indemnify the First Party on such account subject to force majeure. The First Party shall then hold the Second Party accountable for any such damage or loss.
- 13.5 The Second Party shall pay all taxes and duties or other levies etc. to the Government of India/Himachal Pradesh Government as per statutory rules in force from time to time.
- 13.6 The Second Party shall abide by the provisions contained in the Hydro Power Policy of the Government of Himachal Pradesh.

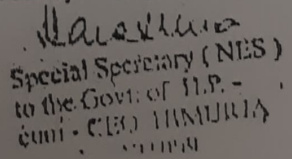
Obligations of the First Party:-

- 13.7 If any approval is required under the laws of India for the Second Party, the lenders, or any Contractor with respect to the Project, upon due and timely application therefore being made by the Second Party, First Party shall take all reasonable and appropriate steps within its administrative power, as permissible by law, to ensure that such approval is granted expeditiously, if such grant is permissible under the law.

14. POWER EVACUATION

- 14.1 Evacuation of power from the Project upto the HPSEB Ltd./HPPTCL/ Regional Grid Sub-station, as provided in the TEC shall be the responsibility of the Second Party and shall be a part of the Project.
- 14.2 The transmission system covered under this Project may be used for evacuation of power from other projects on the directions of the State Transmission Utility. In such situation the wheeling charges for common transmission system shall be as decided by WPERC.


 Director
 Hydro Power Dept.
 Govt. of Himachal Pradesh


 Special Secretary (NES)
 to the Govt. of H.P. -
 cum - CEO HIMURJA

No. 1035200

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Himachal Government Judicial Paper

14.3 The Second Party shall follow the directives of State Load Dispatch Centre (SLDC) in the interest of the integrated grid operation. Any dispute with reference to the integrated operation will be referred to the competent authority whose decision shall be final. Pending the decision of the competent authority the SLDC's directions shall prevail in the interest of smooth operation of the grid.

15. FORCE MAJEURE

15.1 Notwithstanding the provisions of the Clauses 3, 7.1 and 7.2 above, the Second Party shall not be liable for the forfeiture of its Performance Guarantee or termination for default, if the non-performance or the delay in the discharge of its obligations under this agreement is the result of an event of force majeure.

15.2 For the purpose of this agreement, "Force Majeure" shall mean an event which is unforeseeable, beyond the control of the Second Party and not involving the Second Party's fault or negligence. Such events may include war, civil war, insurrection, riots, revolutions, fire, floods, epidemics, quarantine restrictions, freight embargoes, radioactivity, earthquakes, cloudbursts, landslides and excessive snow.

15.3 If a Force Majeure situation arises, the Second Party shall promptly intimate the same to the First Party in writing. The Second Party shall continue to perform its obligations under the agreement, as far as is reasonably practical, and shall seek all reasonable alternative means for performance, not prevented by the force majeure event.

~~Blood Fozal Hydro Pvt. Ltd.~~
Director
16.

16. ARBITRATION:-

Any difference and/or disputes arising at any time between the parties out of this IA or interpretation thereof shall be endeavored to be resolved by the parties hereto by mutual negotiations, failing which the matter shall be referred to the Arbitrator to be appointed as per the provisions of the Arbitration & Conciliation Act, 1996. However, all disputes shall be settled within the jurisdiction of Courts of Himachal Pradesh.

17. TRANSFER OF PROJECT TO SUBSIDIARY GENERATING COMPANY

17.1 In case of bonafide Himachalis to whom Projects upto 500 MW capacity is allotted, the First Party may consider the request of promoters to sell equity shares to the bonafide Himachalis who have been living in Himachal Pradesh from generation to generation. The Promoter(s) shall be allowed to sub-transfer its right by way of merger, by way of change of management, by way of Power of Attorney, by transfer, lease, mortgage or any other such possible means accrued under the Consent Letter issued/Implementation Agreement (IA) to any other Himachalis living in Himachal Pradesh from generation to generation or cooperative societies comprising of such Himachalis at any stage i.e. before and after commissioning of the Project so as to facilitate the execution of the project by taking technical or financial support from Cooperatives, Associations, NCOs, Companies, Individuals, Himachalis who have technical or financial means available to support the project(s).

17.2 Change in name or nullification of shares by Himachali allottee to Non-Himachalis shall be allowed to the extent of 20% during construction period and full disinvestment after two years of actual commissioning of the project.

18. MISCELLANEOUS

18.1 Save as provided aforesaid none of the parties hereto shall assign their respective rights and obligations under this agreement without the prior consent in writing of the other party to the agreement.

Sd/- (Signature)
to the Govt of H.P. -
cum - CEO HIMURA

No. 1035209

Himachal Government Judicial Paper

18.2 Each party agrees that it shall not divulge any trade, commercial or technical secrets or confidential matters of one another to any third party save for the purpose of implementation of the Project.

18.3 The Second Party agrees to have its corporate/business office within the State of Himachal Pradesh.

19 LOCAL AREA DEVELOPMENT FUND (LADF)

i) The Second Party shall contribute 1% of capital cost to the LADF as per the schedule notified by the First Party in this regard. If the aggregate capacity of the projects to a single developer exceeds 5 MW being developed in the cascade then the expenditure on such works shall be 1.5% of the Project cost. The Project cost would include interest during construction, R&R, establishment charges and all the expenses that go towards fixing of tariff. If the Second party has contributed the above minimum of project cost to LADF, they may contribute more than 1% or 1.5%, if the Second Party so desire.

ii) The amount on account of LADF shall be paid by the Second Party to the Deputy Commissioner or Member Secretary of LADC in the following manner:-

- 10% within three months of signing of Implementation Agreement (IA).
- Remaining in equal annual installments during construction period of the project.

The amount due every year will be put in LADF account irrespective of the expenditure made or unspent balances.

iii) The Second Party shall keep the First Party informed of any revision in the construction cost of the Project from time to time and shall release the installments of fund accordingly.

iv) The funds made available under LADF shall be spent in project affected area and project affected zone only and shall not be diverted to any other area except on certain projects/activities, which are of common interest/benefits of project affected population in accordance with delegations to LADC.

20. NOTICE. - Any notice required to be given to either party under this agreement shall be deemed to be served if sent by Cable, Fax or Telex followed by a confirmation letter delivered by hand or sent by registered post to their respective addresses.

ADDRESSES

A. For First Party/HIMURJA

Pr. Secretary (NES),
Himachal Pradesh Secretariat,
Shimla (H.P.)-171002

Special Secretary (NES), to the GOHP cum-
Chief Executive Officer, HIMURJA,
Block BA, SDA Complex,
Kasumpti, Shimla (H.P.)-171009

FAX NO. 0177-2822035

For Second Party

M/s Blot Fozal Hydro (P) Ltd.,
VPO Mohal, Kullu (H.P.)

Either Party may change the address at which notice is to be delivered by duly informing the other party in writing.

W. S. Sharma
Special Secretary (NES)
to the Govt. of H.P. -
cum - CEO HIMURJA

No. 1035234

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21 GOVERNING LAWS

The rights and obligations of the parties under or pursuant to this agreement shall be governed by and controlled according to Indian Law. This agreement shall be subject to the jurisdiction of the Himachal Pradesh High Court at Shimla.

22. Any violations of the above-mentioned issues concerning policy parameters, IA may result into monetary penalty including cancellation of the project

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THESE PRESENTS TO BE SIGNED, SEALED AND DELIVERED BY THEIR DULY AUTHORISED REPRESENTATIVES ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For and on behalf of
Government of Himachal Pradesh

Harsh Mittal
23-11-10
(HARSH MITTAL) Secretary (NES)
Special Secretary NES H.P.
to the Government of Himachal Pradesh
Himachal Pradesh - 171009

For and on behalf of
M/s. Blood Fozal Hydro (P) Ltd.,
VPO Mohal, Kullu (H.P.)

For Blood Fozal Hydro Pvt. Ltd.
(ATUL GUPTA) Director
Director

WITNESSED BY :

WITNESSED BY :

[Signature]
Shri. (Blood)
P.O. Himachal
Shimla-7

[Signature]
Neeraj Gupta
51/14 R.F. Gupta
VPO Badayya Kullu

2 *[Signature]*
Shri. Himachal
Shimla

2 *[Signature]*
Shri. Himachal
Shimla