



# MEMORANDUM OF UNDERSTANDING

BETWEEN

GOVERNMENT OF CHHATTISGARH  
SOUTH EASTERN COALFIELDS LIMITED  
AND  
IRCON INTERNATIONAL LIMITED



## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made on the 3<sup>rd</sup> day of November, 2012 by and between:

1. The Government of Chhattisgarh, represented by Principal Secretary Transport, having its capital at Raipur (hereafter referred to as "GoCG").
2. South Eastern Coalfields Limited, a subsidiary of Coal India Limited and a company registered under the Indian Companies Act, 1956 having its registered office at SECL Bhawan, Seepat Road, Post Box No. 60, Bilaspur Pin - 495006 (C.G.), India (hereafter referred to as "SECL").

AND

3. Ircan International Limited, a company registered under the Indian Companies Act, 1956 having its Registered Office at C-4, District Centre, Saket, New Delhi - 110 017, India (hereafter referred to as "IRCON").

The expressions "GoCG", "SECL", and "IRCON" shall, wherever the context admits, mean and include their respective successors-in-interest and permitted assigns and shall hereafter be referred to individually as "Party" and collectively as "Parties".

**WHEREAS**, an MOU was signed between Ministry of Railways (hereinafter called "MoR") and GoCG on 27.2.2012 for development of three rail corridors in the Northern Region of the State of Chhattisgarh through three Project specific Special Purpose Vehicles (SPVs) or any other appropriate model of PPP and the MoR was to participate in the equity on its own or through its Public Sector Undertakings (PSUs) to be nominated by it.

**WHEREAS**, the MoR vide its letter no. 2012/Infra/12/5 dated 03.08.2012 has conveyed to IRCON that formalities for formation of the JVC may be done by IRCON and the level of equity participation by IRCON will be decided after the approval of the Projects by the Appropriate Authority.

**AND WHEREAS**, the Parties are keen to develop Rail Infrastructure for facilitating passengers and freight traffic in the Northern part of Chhattisgarh.

**NOW, THEREFORE**, in consideration of the foregoing premises, the Parties hereby have agreed upon the following broad principles:

1. The following rail corridors (hereafter also referred to as the Project(s)) would be developed in the State of Chhattisgarh:
  - a) Corridor-I: East Corridor - Bhupdevpur- Gharghoda- Dharamjaygarh up to Korba approximately 180 Kms in length.

MOU for Rail Projects in Chhattisgarh

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b) Corridor-III: East-West Corridor- Gevra Road to Pendra Road via Dipka, Katghora, Sindurgarh, Pasan, approximately 122 Kms in length.

2. The aforementioned rail corridors, with an approximate investment of Rs.4000 crore (Four thousand crore) based on present preliminary cost estimate shall be used for both freight and passenger services; last mile connectivity shall be made as per approved policy of MoR.
3. The development of the corridors shall be implemented through two project specific Joint Venture Companies (JVCs); the Debt-Equity structure of each JVC shall be decided by the Board of Directors of the JVC as per Department of Public Enterprises (DPE) guidelines on investment. Equity share of the Parties in the JVCs shall be as under:

Party	Equity Share
GoCG or its nominee	10%
SECL (or its parent company or sister concern individually or put together)	64%
IRCON	26%

GoCG's share of equity in the JVC shall correspond to the value of land provided by the State Government or 10% whichever is more. If the value of land provided by GoCG exceeds 10% of the equity, the shareholding percentage of GoCG and SECL shall stand modified accordingly.

4. The names of the JVCs are proposed as "Chhattisgarh East Rail Ltd" for Corridor-I and "Chhattisgarh East-West Rail Ltd" for Corridor-III.
5. Board of Directors (BoD) of the JVCs shall have part-time directors. The nominees of Parties on the BoD shall be as under:

Party	No. of Directors
GoCG	1
MoR	1
SECL	3
IRCON	2

Chairman of the Board shall be the nominee of SECL. Chairman shall have a casting vote in case of a tie.



6. GoCG shall provide the land owned by State Government (Revenue land and forest land) and value of such land shall be adjusted towards GoCG's equity share in the JVC as per para 3 above. Cost of compensatory afforestation, net present value, wildlife management plan, demarcation, felling and other charges for diversion proposal of forest plan under Forest Conservation Act shall be borne by the JVCs.
7. Acquisition of the privately owned land required for the Projects shall be made by the JVCs. JVCs shall be responsible for payment of the compensation of the land and also implementation of the Rehabilitation plan as per Rehabilitation Policy of the State Government. GoCG shall extend all necessary assistance for these purposes.
8. The JVCs shall enter into separate concession agreement with MoR. Entire costs of the land shall be borne by the JVCs as mentioned in clause 6 & 7, however, ownership of the land shall vest with the Railways and JVC shall pay a token lease for the entire concession period as per provisions of the concession agreement. The Railways shall refund the cost of the land to the JVC on expiry/termination of the concession as per provisions of the concession agreement.
9. GoCG shall facilitate in completing the process of land acquisition and environmental / forest clearance(s) for the Projects.
10. The construction work of the railway lines under this MOU shall be under taken only after process of land acquisition and environmental / forest clearance(s) have been completed, and financial closure has been achieved. Further, the construction work in the Corridor-I: East Corridor shall be taken up in two phases. The first phase shall be of 63 Km, for which the survey and alignment has already been completed.
11. MoR and GoCG shall provide the requisite statutory support wherever required to the JVCs to ensure expeditious completion and commissioning of the Projects as envisaged in clause no.14 of the MOU dated 27.02.2012 between GoCG and MoR.
12. IRCON, being the domain expert on Railway projects, shall be the implementing agency. However, tenders for the works shall be awarded on competitive bidding with the approval of JVC. The tender committee shall also include a nominee of SECL. Indian Railway Standards and Specifications shall be followed for construction.
13. IRCON will carry out preliminary activities like final location, survey of alignment (survey and investigations etc.), preparation of feasibility/ bankability report to

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establish the project cost, alignment, requirement of land acquisition/ rehabilitation, resettlement, other project related requirements and viability of the Projects. Expenditure on these activities shall be funded by SECL and IRCON in the proportion of their shareholding in the JVC. SECL shall pay their share to IRCON based on the estimates submitted by IRCON. The amount so paid by SECL and IRCON shall be reimbursed by the JVC to the respective party.

The above activities shall be taken up within 30 days of signing of this MOU and receipt of proportionate share of funds from SECL.

14. SECL shall take the necessary steps for formation of the JVCs in consultation with IRCON and GoCG. The expenditure on formation of the JVC shall be funded by SECL and IRCON in the proportion of their shareholding in the JVC and the amount so paid by SECL and IRCON shall be reimbursed by the JVC. SECL and IRCON may provide shareholders' loan, if so required by the JVCs.
15. JVCs shall enter in to separate operational agreements with MoR for operation and maintenance of the assets.

#### 16 Other Matters

- a) For matters other than railway construction, manuals of SECL shall be followed.
- b) JVCs shall take employees on deputation basis as detailed below:-
- (i) For Revenue, Forest & Environment Department – from GoCG
  - (ii) For Technical and Construction Departments - from IRCON
  - (iii) All other employees including for Finance and Administration - from SECL.

Employees on deputation shall be paid their remuneration as per prevailing practice of the parent company or GoCG/Railways, as the case may be, and period of deputation shall be decided by the JVC on requirement basis.

JVC may also recruit employees on contract basis.

- c) Chief Executive Officer shall be a serving officer with Railways' background, Chief Finance Officer shall be an officer of SECL deputed by SECL, and Chief Operating Officer shall be an officer of IRCON deputed by IRCON. Incumbents for these positions shall be approved by the Boards of the JVCs.

17. Each Party shall nominate at least one representative and a Nodal officer for implementation of this MOU.
18. Any dispute or difference arising between the Parties shall be settled amicably by the CEOs of SECL & IRCON and the nominated officer of the GoCG.



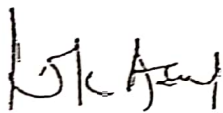
19. GoCG reserves its right to nominate/designate any agency to act in its behalf and such agency shall have all the rights and liabilities as of GoCG and on such nomination it shall be deemed as if this MoU had been signed by such agency.
20. This MoU shall be without prejudice to any other MoU (Corridor-II MoU dated 27.02.2012) entered in to between GoCG and MoR earlier, and shall not in any way affect any other understanding as may be necessary for any other project. MoR and GoCG shall be free to form a separate Special Purpose Vehicle for implementing Corridor-II, with such party or parties, including from the private sector, as MoR and GoCG shall mutually agree to.
21. The Parties may with mutual consent decide on further amendments to this MOU, as may be considered necessary expedient to ensure smooth and efficient execution of the Projects.

**IN WITNESS** thereof, the **PARTIES** hereto have signed this MOU on the date first written above by their duly authorised representatives.

For and on behalf of the  
Governor of Chhattisgarh

For and on behalf of  
South Eastern Coalfields  
Limited

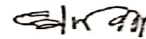
For and on behalf of  
IRCON International  
Limited



(N.K. Aswal)  
Principal Secretary  
Govt. of Chhattisgarh  
Transport Department

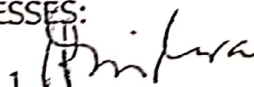


(A.R. Komawar)  
Director Finance  
South Eastern Coalfields  
Limited




(Mohan Tiwari)  
Managing Director  
IRCON International  
Limited

WITNESSES:

1.   
P. S. MISHRA  
Divisional Rly Manager  
Raipur

2.

  
Subodh Kumar Singh  
Secretary to Chief Minister  
Govt of CG  
Raipur