



अरुणाचल प्रदेश ARUNACHAL PRADESH

029220

*Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited*

MEMORANDUM OF AGREEMENT BETWEEN
GOVERNMENT OF ARUNACHAL PRADESH

AND

HYDRO POWER DEVELOPMENT CORPORATION OF ARUNACHAL PRADESH
LIMITED AND M/S JINDAL POWER LIMITED (JV COMPANY)

FOR EXECUTION OF SUBANSIRI MIDDLE (1600 MW) HYDRO ELECTRIC
KAMLA
PROJECT ON SUBANSIRI RIVER IN ARUNACHAL PRADESH.



*Tumke Bag
Secretary (Power)*

This agreement is made on this 28th day of August 2009 between the Governor of Arunachal Pradesh, represented by the Secretary (Power), Government of Arunachal Pradesh, hereinafter referred to as "State Government" which expression shall, unless repugnant to the context or meaning thereof, include its successors and assign(s), on **ONE PART**.

AND



*Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar. Pr. Undertaking)*

*Secretary (Power)
Govt. of Arunachal Pradesh*

Hydro Power Development Corporation of Arunachal Pradesh Limited, a public sector undertaking set up by the State Government of Arunachal Pradesh for development of Hydro Power Projects in the State and having its registered office at Tahung Tatak Building, near APPSC, MLA Cottage Road, Itanagar, acting through Mr. Taru Siga, Managing Director, Hydro Power Development Corporation of Arunachal Pradesh Limited (hereinafter referred to as "**HPDCAPL**") which expression shall, unless repugnant to the context or meaning thereof, include its successor(s), Administrator(s) and permitted assign(s) on the **SECOND PART**.

AND

M/s Jindal Power Ltd. a company incorporated under the Companies Act, 1956, having its registered office at Kharsia Road, Raigarh (Chhattisgarh) through Mr. Vinod Kumar Abbey, CEO (Hydro) of M/s Jindal Power Ltd. (hereinafter referred to as "**JPL**") which expression shall, unless repugnant to the context or meaning thereof, include its successor(s), Administrator(s) and permitted assign(s) on the **THIRD PART**.

"GoAP", "JPL." and "HPDCAPL" Shall be individually referred to as "Party" and collectively as "Parties". "**JPL**" And "**HPDCAPL**" Shall be collectively referred to as "**JV Company**".

WHEREAS

1. The Government of India ("GoI") has launched the "50,000 MW Hydro-electric Initiative" with the objective of increasing the hydro power capacity in India (Country) out of which more than half the capacity has been identified in the State of Arunachal Pradesh ("State") itself.
2. GoAP has earmarked certain Projects for allocation to private developers, Central Sector developers, State Sector developers for the development of Hydro Power Projects in the State, which will generate economic activity in the State leading to its growth and will also serve as an engine to achieve



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar.Pr. Undertaking)

Secretary (Power)
Govt. of Arunachal Pradesh
Itanagar

the objective of promoting all round development in the State and the Country ; and



3. The Subansiri Middle Hydroelectric Project (1600 MW) on Subansiri river in Lower Subansiri District of the State of Arunachal Pradesh with an installed capacity of 1600 MW is contemplated to be taken up for implementation by JV Company.

Kamla

Tumke Bagra
Secretary (Power)

4. The Govt. of Arunachal Pradesh has agreed for executing of the Subansiri Middle Project (1600 MW) in the state by the Hydro Power Development Corporation of Arunachal Pradesh Limited in Joint Venture with M/s Jindal Power Limited as per Hydro Power Policy 2008.

NOW, THEREFORE, AND IN CONSIDERATION OF PREMISES AND MUTUAL CONVENANTS AS SET FORTH HEREIN, THE PARTIES HEREBY IRREVOCABLY AGREE AS FOLLOWS:

Article I

INTERPRETATIONS AND DEFINITIONS.

1. INTERPRETATIONS

- 1.1.1 The nomenclature of this Agreement, headings and paragraph numbers are only for the convenience of reference and shall be ignored in construing or interpreting this Agreement.

- 1.1.2 Reference to persons and words denoting natural persons shall include bodies, corporate, partnerships, joint ventures, statutory and other authorities and entities ("Persons").

- 1.1.3 Reference to any enactment, ordinance or regulation or any provision thereof shall include any amendment thereof or any replacement in whole or in part.

- 1.1.4 Reference to Recitals, Articles, Clauses, or Sub-clauses shall unless the context otherwise requires, be deemed to include the Recitals, Articles,



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar.Pr. Undertaking)

Secretary (Power)
Govt. of Arunachal Pradesh
Itanagar

clauses, or Sub-clauses of this Agreement.

1.1.5 The words importing singulars shall include plurals and vice-versa, as the case may be.

1.1.6 Terms beginning with capital letters and defined as per Clause 1.2 of this Agreement shall have the same meaning ascribed thereto, and any terms not defined in the Agreement would have the same definitions as available in the Electricity Act, 2003 ("**The Act**").

1.1.7 Any reference at any time to any agreement, deed, instrument license or document of any description shall be construed as reference to that agreement, deed, instrument, license or other document as amended, varied, supplemented, modified or suspended at the time of such reference provided that this Clause shall not operate to increase liability or obligations of any Party hereunder or pursuant hereto in any manner whatsoever.

1.1.8 Any agreement, consent, approval, authorization, notice, communication, information or report required under or pursuant to this Agreement from or by any Party shall be valid and effectual only if it is in writing and under the hands of duly authorized representatives of such Party in this behalf and not otherwise.

1.1.9 Any reference to any period commencing 'from' a specified day or date and "till" or "until" a specified day or date shall include both such days or dates.

1.2. DEFINITIONS.

In this Agreement the following words and expressions and unless repugnant to the context or meaning thereof, shall have the meanings hereinafter respectively assigned to them:

1.2.1 "**Agent**" means the authorized representative or such other Authority as



Managing Director
Jindal Power Limited
Jindal Group of Companies
Jindal Group of Companies
Jindal Group of Companies

Secretary (General)
General Secretary
General Secretary

may be appointed by the State Government for the purpose of this Agreement.

1.2.2 **"Agreement"** means this agreement together with any amendments made thereto in accordance with the provisions herein contained;

1.2.3 **"Agreement period"** shall have the meaning as specified in Article 2;

1.2.4 **"Central Govt."** means the Government of India;

1.2.5 **"CEA"** means the Central Electricity Authority constituted under Section 3 of the Electricity (Supply) Act 1948 and which has been defined to be Central Electricity Authority under section 70 (2) of Electricity Act, 2003 or its successors, administrators or assignees.

1.2.6 **"CERC"** means Central Electricity Regulatory Commission.

1.2.7 **"Commercial Operation"** means the state of Unit/Project when Unit/Project is capable of delivering Active power and Reactive Power on a regular basis after having successfully completed the commissioning tests as per Prudent Utility Practices.

1.2.8 **"Commercial Operation Date (COD)"** means the date on which the commercial operation of Project achieved by the JV Company and shall be as per CERC regulations .

1.2.9 **"JV Company"** will mean Hydro Power Development Corporation of Arunachal Pradesh Limited and M/s Jindal Power Limited collectively.

1.2.10 **"Company"** will mean a company incorporated under the companies Act 1956.

1.2.11 **"Detailed Project Report (DPR)"** means the Detailed Project Report pertaining to the project under this Agreement to be submitted by the JV Company and to be approved by the competent authority of the State Govt.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar.P. Undertaking)

Secretary (Power)
Govt. of Arunachal Pradesh
Itanagar

1.2.12 **"Dispute"** shall have the meaning as specified in Article 13;

1.2.13 **"Evacuation System"** means the network of power transmission lines and sub-stations for transmitting the electrical output from the Interconnection Point up to main load centre(s);

1.2.14 **"Financial closure"** means the date on which the Financing Agreements have been duly executed and the JV Company has access to such funding under the Financing Agreements;

1.2.15 **"Financing Agreement"** means the loan agreements, notes, indentures, security agreements, letters of credit equity arrangements and other documents relating to the financing(including refinancing) of the project and the capital cost or any part thereof, as amended, supplemented or modified from time to time and approved by the competent authority;

1.2.16 **"Force Majeure"** shall have the meaning as ascribed thereto in article 11;

1.2.17 **"GOI"** means the Government of India;

1.2.18 **"Interconnection Facilities"** means all the facilities which shall include without limitation, switching equipment communication, protection, control and metering devices etc. at the Interconnection Point(s) in the switchyard of the generating stations to be installed and maintained at the cost of the JV Company to enable evacuation of Power output from the Project in accordance with this Agreement;

1.2.19 **"Law"** means any act, rule regulation, notification, order or instruction having the force of Law enacted or issued by any competent legislature. Government or statutory authority in India and pronouncement of judicial /quasi judicial authorities;

1.2.20 **"Month"** means the English Calendar month;



Managing Director
Jindal Power Limited
Jindal Steel & Power
Jindal Steel & Power
Jindal Steel & Power

Secretary (Finance)
Jindal Steel & Power
Jindal Steel & Power

1.2.21 "**Parties**" mean the State Government and the JV Company collectively;

1.2.22 "**Party**" means the State Government and / or the JV Company individually;

1.2.23 "**Power Purchase Agreement (PPA)**" means a contractual agreement to be signed by the JV Company with an electricity consumer, trader or any other parties permitted under the statute to purchase the power generated from the project;

1.2.24 "**PFR**" means the pre feasibility report pertaining to the project under this Agreement;

1.2.25 "**Project**" means the Subansiri Middle Hydro Electric Project (1600 MW) proposed to be established on Subansiri river in the Lower Subansiri District of Arunachal Pradesh between EL +477 m and Lower Subansiri HEP(2000 MW) being developed by NHPC, including complete hydroelectric power generating facility covering all components such as dam, intake works, water conductor system, power station, generating units, project roads, bridges, offices, residential facilities store, guest houses, security office and other connected facilities including the Interconnection Facilities; The level is indicative of tentative outer boundary only.

1.2.26 "**Prudent Utility Practices**" means those practices, methods, techniques and standards that are generally accepted internationally from time to time by electric utilities for the purpose of ensuring safe, efficient and economic design, engineering, construction, commissioning, testing, operation and maintenance of various component of the project of the type specified in this agreement and which practices, methods and standards shall be adjusted as necessary to take account of

I. Installation, operation and maintenance guidelines recommended by the manufacturers of the plant and equipments to be



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar. Pr. Undertaking)

Secretary (Power)
Government of Ar. Pr.

incorporated in the project.

- II. The requirement of Indian Law.
- III. Physical conditions at the site.
- IV. Practices, methods, techniques and standards as changed from time to time that are generally accepted internationally for use in electric utility and for power generation in India.

1.2.27 **"Site"** means the site of the project appurtenances, generating plant including land, waterways, roads and rights acquired or to be acquired by the JV Company for the purposes of the project.

1.2.28 **"State"** means the State of Arunachal Pradesh.

1.2.29 **"State Government"** means the Govt. of Arunachal Pradesh;

1.2.30 **"SPV"** means a body/organization to be constituted by the JV Company for implementation of the project while performing the obligations and duties under this agreement;

1.2.31 **"Unit"** means one /more hydro generator (s) including ancillary equipment and facilities thereto forming the part of the project;

1.2.32 **"Year"** means the English Calendar year comprising of 365 days in a non-leap year and 366 days in a leap year.

Article 2

GENERAL TERMS AND CONDITIONS OF THE AGREEMENT.

- 2.1 The State Govt. hereby grants permission to the JV Company to undertake preliminary investigation for preparation of the Pre- feasibility Report, detailed investigation for DPR preparation, financing and subsequent development, commissioning, implementation, operation and maintenance



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Arunachal Pradesh Company)

Secretary
Government of Arunachal Pradesh

of **Subansiri Middle HEP (1600 MW)** in Lower Subansiri Distt., Arunachal Pradesh.

- 2.2 The project 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 (COD). However, the lease period can be extended beyond 40 years period by the State Govt. on mutually acceptable terms and conditions. The project shall be reverted to the State Govt. on expiry of above lease period, free of cost, in good working condition.
- 2.3 The entire cost of investigation, DPR preparation, project implementation and subsequent operation and maintenance of the project will be borne by the JV Company.
- 2.4 The project shall be developed as a run-of-the river / Storage Scheme in tune with the State Govt. policy to develop the project in the most environment, eco, and people friendly manner.
- 2.5 The PFR and the DPR of the project shall be submitted by JV Company for approval of CEA under the Electricity Act, 2003, a copy of which would also be submitted to the State Govt. The State Govt. undertakes to obtain permission / clearances in respect of any interstate issue/diversion of water and would also render all the necessary assistance to the JV company in obtaining the concurrence of CEA under the Electricity Act, 2003. However, the consent of the State Govt. shall be required before submitting the DPR to the CEA for TEC.
- 2.6 All clearances required from the Central Govt. including clearance from Standing Committee of the National Board of Wild Life if required in connection with the project implementation shall be arranged by the JV Company itself. The State Govt. shall accord necessary clearances under its purview within a reasonable period. The State Govt. shall extend all need based assistance in obtaining such clearances including licenses, approvals, sanctions, permits etc. as may be required for the project.



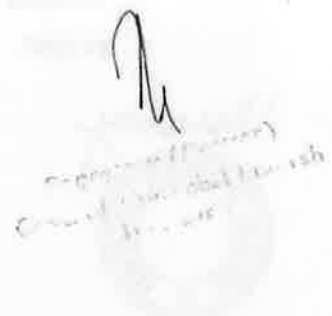
Manoj Kumar
Managing Director
Jindal Power Corporation Limited
(A Government of India Undertaking)

Secretary (Power)
Government of India

- 2.7 The JV Company shall be responsible for upkeep of the ecology of the project area and its surroundings by preventing deforestation, water pollution and defacement of natural landscape. The JV Company shall take all reasonable measures to prevent any destruction of flora and fauna, scarring or defacement of the natural surroundings within and in the vicinity of the project sites. The JV Company shall abide by the conditions laid down in the forest, wildlife and environmental clearances accorded by the competent authority.
- 2.8 The JV Company shall make available information regarding water discharge regularly to the State Govt.
- 2.9 The State Govt. or its agents or a person authorized by the State Govt. in that behalf shall be free to investigate, survey and implement other projects of any nature either upstream or downstream as the case may be of the project, provided that it shall not have any adverse impact on implementation, operation and maintenance of the Project.
- 2.10 The JV Company shall allow the State Govt. its officers/staffs or authorized agents to use the roads and facility such as Post Office, School and Dispensary etc., that may be provided by the JV Company as a part of the project. The State Govt. and its authorized agent shall be allowed to inspect the project and its site(s) upon advance notice.
- 2.11 The JV Company shall not incur any kind of financial liabilities in the name of the State Govt., in the execution and subsequent operation and maintenance of the project unless mentioned herein.
- 2.12 The JV Company will not be allowed to sell and transfer the power plant to any other party/parties without the prior permission of the State Govt. However, the JV Company shall be allowed to mortgage the power plant to the Lenders for availing financial assistance to meet the cost of the project with prior consent of the State Govt. Further, the JV Company shall not be permitted to transfer the project under this agreement to any third party without the consent of the State Govt.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of A.P. Undertaking)



- 2.13 The JV Company shall ensure that the execution, operation and maintenance of the project is in conformity with Prudent Utility Practices and the manufacturer's specifications.
- 2.14 The JV Company shall ensure proper quality control and safety measures during implementation of the project including any geological study, construction and testing at sites. The State Govt. shall have the right to institute an appropriate mechanism to ensure the compliance by the JV Company in this regard.
- 2.15 The JV Company shall make suitable financial provision in the project cost, if required, for the catchments area treatment plans in consultation with the State Forest & Environment and Wild Life Management Department as approved by the Ministry of Environment & Forests, Govt. of India. The cost involved on this account shall be paid by the JV Company to the concerned authorities of the Govt.
- 2.16 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 consultant(s) drawn from a reputed organization and obtain the consent of State Pollution Control Board.
- 2.17 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. The JV Company shall take appropriate steps as may be required for the protection of fish culture as per environmental requirement.
- 2.18 The JV Company shall ensure that the water requirement for the construction of the project 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.
- 2.19 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.



Managing Director
Hydel Power
Development Corporation of
Assam (Pvt.) Ltd.
(A Government of India Enterprise)

Secretary (General)
Central Pollution Control Board
Ministry of Environment & Forests
Government of India

- 2.20 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 to State Govt. / other statutory authorities.
- 2.21 The JV Company shall be totally responsible for all related issues including safety aspect for implementation of the project.
- 2.22 In case the JV Company decides not to implement the Project for reasons attributable to the JV Company, it shall hand over the Project back to State Government along with all the reports and other documents free of cost **"As is where is Basis"**.
- 2.23 The JV Company shall be liable and responsible for complying with all the environmental obligations and conditions.
- 2.24 Any and all correspondence/ demands made or notice to be sent or required to be made under this Agreement shall be in writing in English language, signed by the Party giving such notice (Claim or demand) and shall be delivered personally or by any feasible mode or transmission coupled with sending original or registered post or E-mail to other parties at their addresses set forth herein below or at such other addresses as either party may subsequently notify.
- 2.25 The inspection and approval of the works and electric accidents will be as per the provisions of the Electricity Act, 2003 read with the latest amendments and rules framed there under.
- 2.26 The Locally produced / manufactured materials including steel (except the bulk requirement etc.) available in the State fulfilling all technical specifications as may be required by the construction agency should be given preference in case the price of such material is competitive.
- 2.27 The Headquarters of Subansiri Middle (1600 MW) shall be located inside Arunachal Pradesh and all the business activities of the Project at the Project level shall be transacted from Headquarters in Arunachal Pradesh or any other office of the JV Company.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh
(A Government of India Enterprise)

Secretary
Govt. of Arunachal Pradesh

Article 3

LAND ACQUISITION AND PERIOD OF AGREEMENT / LEASE

- 3.1 The Site required for the construction, operation and maintenance of the project and for the associated works as will be assessed by the Company shall be transferred by the State Govt. to the Company on lease basis against payment of land revenue as per approved rate of State Govt. The period of lease will cease with the project getting reverted to the State Govt. The Company shall be entitled to mortgage the land to the lenders/financers of the project with prior consent of the State Govt. subject to the condition that such period of mortgage shall not exceed the lease period. The State Govt. shall acquire for the Company 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 Company such private lands within the State of Arunachal Pradesh, as may be required from time to time by the Company for the construction, operation and maintenance of the project.
- 3.2 This agreement shall automatically expire on completion of the Lease Period as defined in Clause 2.2
- 3.3 The JV Company shall ensure that the land is used only for the project and activities ancillary to the project.

Article 4

ADHERENCE TO REGULATIONS OF THE CENTRAL & STATE GOVT.

- 4.1 The JV Company shall strictly comply with the following statutory regulations of the Central Govt. and the State Govt. while implementing the project.
- 4.1.1 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



Handwritten signature
Secretary, Corporation of
Bharatpur & Co. Limited
& Government of India, Undersecretary

Handwritten signature
Secretary, Corporation of
Bharatpur & Co. Limited
& Government of India, Undersecretary

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 Govt. 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 or in case any object of archaeological importance is found by the JV Company or any of its employees / contractors / sub-contractors during the course of construction/operation of the project, the JV Company shall hand over the same to the Govt. of Arunachal Pradesh.

4.1.2 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.

4.1.3 The provisions of the Electricity Act, 2003 will be diligently adhered to during implementation and subsequent operation and maintenance of Hydro-electric station.

4.2 The fishing, recreational and navigational rights, tourism prospects in the river, water channel, reservoir, lake, etc. shall remain vested in the Govt. of Arunachal Pradesh subject only to such restrictions as may be necessary for the operational requirements and safety and security of the project and the general guidelines of the Govt. of Arunachal Pradesh.

4.3 The JV Company shall comply with the Hydro Electric Power Policy-2008 of the State Govt. during the course of implementation and subsequent operation and maintenance of the hydel station.

Article 5

FREE POWER TO THE STATE, EVACUATION & TRADING OF POWER

5.1 From the Commercial Operation Date (COD), the State Govt. shall be given free power @ 12 % in lieu of the distress caused. The free power



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Arunachal Pradesh)

Secretary (Planning)
Government of Arunachal Pradesh

shall be calculated 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.

- 5.2 Over and above the free power, the State Govt. will have the first right to purchase the power upto 5% generated from the project if the State Govt. so desire on mutually agreed terms and conditions. The State Govt. shall exercise its aforesaid right within 90 days of the receipt of such offer from the JV Company after the DPR is approved from all angles. A separate Power Purchase Agreement (PPA) will be entered into for such purchase of the power between the State Govt. and the JV Company on mutually agreed terms and conditions. In case the JV Company and the State Govt. do not arrive at a mutually agreed terms and conditions for the said PPA within 90 days of receipt of the offer, the JV Company shall be entitled to sell the power from the project to any other party at its discretion.
- 5.3 The JV Company shall be responsible for developing evacuation system for the project and liaise with the appropriate authorities for the evacuation of the power from the generating point. However, in the event of utilizing the infra-structure of the State Govt., necessary charges as mutually agreed shall be paid to the State Govt. 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 is purchased by the State Govt., the State Govt. shall be responsible for evacuation of power from the bus bar onwards at its own cost.
- 5.4 The JV Company shall allow the State Govt. to use its evacuation system and other infrastructures to the extent feasible, after accounting for the JV Company's requirements for evacuation of power generated from the project(s), if required by the State Govt. on payment of necessary charges by the State Govt. Such charges shall be mutually decided



Managing Director
Jindal Power Limited
Gurgaon, Haryana

Secretary
Government of India
New Delhi

subsequently and a separate agreement entered into.

- 5.5 It shall be the responsibility of the JV Company for the trading and sale of the power generated from the project. The State Govt. will not be in any manner responsible for the sale and trading of the power on behalf of the JV Company.

Article 6

REIMBURSEMENT OF EXPENDITURE

- 6.1 The JV company shall re-imburse duly certified and verifiable expenditures incurred by the National Hydro Power Corporation Ltd. for the survey & investigation works and the cost of DPR preparation against the project or any other bonafide expenditure incurred against the project on mutually agreed terms & conditions and price between the JV company and NHPC Ltd. Reasonable assistance shall be provided by the State Government in the process of re-imbursement.

Article 7

RECRUITMENT OF PROJECT PERSONNEL / AWARD OF WORK

- 7.1 The JV Company shall reserve the following categories of posts against the project 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 per the criteria given below.

(a) Managerial/Professional post	...	25%
(b) Ministerial/Clerical post.	...	50%
(c) Skilled jobs.	...	25%
(d) Unskilled jobs.	...	75%

- 7.2 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.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar.Pr. Undertaking)

Secretary (Planning)
Govt. of Arunachal Pradesh
Dispur

- 7.3 The project affected eligible candidates shall be given preference over others against the above mentioned reservation in various categories of posts/jobs.
- 7.4 Subject to the job requirements and fulfilment of job criteria, willing technical and non-technical personnel of the State Government may be taken on deputation by the developer on recommendations of the State Government.

Article 8

REHABILITATION & RESETTLEMENT OF PROJECT AFFECTED FAMILIES

- 8.1 The JV Company shall earmark a reasonable amount for the social works in accordance with the National Policy on Rehabilitation & Resettlement in force. The JV Company shall also adhere/conform to the local laws of the State.
- 8.2 Rehabilitation & Resettlement plan if any, of the oustees from the project/project 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 Govt. of India on the subject. The R&R plan shall in any case be not inferior to the National Policy on Rehabilitation & Resettlement of the Central Govt in force.
- 8.3 It will also be mandatory for the JV Company to follow the provisions of the Rehabilitation and Resettlement Policy, 2008 of Government of Arunachal Pradesh scrupulously.

Article 9

LAW & ORDER

- 9.1 The State Government would make arrangement to maintain general



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of India Company)

Secretary (General)
Government of Arunachal Pradesh
Dispur

law and order in and around project area for security and safety of properties of the project, protection of life of the workers and experts/Engineers/Officers during execution, commissioning and subsequent operation and maintenance. However, if any special security arrangement is required by the JV Company within the project premises, such arrangements shall be made by the State Govt. at the cost of the JV Company.

Article 10

INDEMNITY

- 10.1 The JV Company 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 the JV Company also undertakes to indemnify the Govt. of Arunachal Pradesh on such account.
- 10.2 The widening, strengthening and construction of the National Highways, State Highways and Bridges and other roads, other than those sanctioned under Road Development Programme of Govt. of India, if required by the JV Company, shall be executed by the appropriate State Govt. or Central Govt. agency on payment of reasonable cost and departmental charges in advance by the JV Company as per the estimate to be prepared by the executing State / Central Govt. agency. However, if the JV Company so desires to do the above activities at its own cost and if permissible under rule, the JV Company shall be permitted to do so. If any damage to the road and other Govt. 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.
- 10.3 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.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of A.P. Undertaking)

A handwritten signature.

Article 11

FORCE MAJEURE

- 11.1 The Force Majeure situation such as earth quake, flood, fire, explosion, epidemic, cyclone, external invasion, civil commotion, riots, landslide etc., which are beyond the reasonable control of the JV Company shall excuse the JV Company from performance of its obligations to the extent prevented, delayed or interfered with for the period of Force Majeure conditions persist. The JV Company shall make its best efforts to remove such cause of Force Majeure as expeditiously as possible and shall continue performance hereunder with due diligence whenever such causers is removed.

Article 12

TERMINATION OF AGREEMENT AND TAKING OVER OF THE PROJECT

- 12.1 The JV Company shall achieve the financial closure within a period of 12 (twelve) months (or further period as the State Govt. may agree) from the date of receipt of the Techno-economic Clearance (TEC), if required, from the Central Electricity Authority(CEA), approvals from Ministry of Environment and Forest (MoEF) and other statutory clearances. In the event that it is confirmed as impossible or impractical to achieve Financial Closure or if the Financial Closure is not achieved on or before the expiry of twelve months from the aforesaid date, for the reasons other than those attributable to the Government of Arunachal Pradesh, the Govt. of Arunachal Pradesh reserves the right to terminate the agreement.
- 12.2 In the event of stoppage of the construction works of the project by the JV Company, for a period of more than 12(twelve) months for reasons not covered under Force Majeure and for reasons attributable to the Company and/or abandonment of the project by the Company, the State Govt. shall, after giving due opportunity to the JVCompany to resume the work, have the right to terminate the agreement. In the



Managing Director
Development Commission of
Arunachal Pradesh
(Government of India)

Secretary
Government of Arunachal Pradesh

event of termination of the agreement under this clause, the Govt. of Arunachal Pradesh shall have the right to take over the project on "**As is where is**" basis and no claim of the Company shall be entertained. The Govt. of Arunachal Pradesh shall, also have the exclusive right to re-allot such project to any other developer.

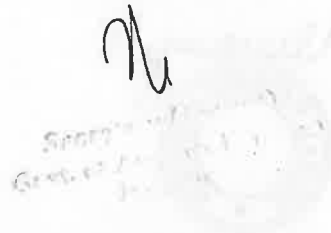
12.3 In case the Company does not commence implementation of the project within a period of 4(Four) years from the date of signing of this agreement or within a period of 1 (One) year from the date of receipt of all the statutory clearances, such as Forest & Environment, Techno-economic clearance etc, **whichever is earlier**, the project shall be reverted to the State Govt. on "As is where is" basis along with all the reports, other documents etc, free of cost. However, the above time period shall be automatically extended by the aggregate of the period during which the Company could not take steps to commence implementation by reason of Force Majeure conditions. Thereafter, the State Govt. shall have the exclusive right to re-allot the project to any third party for further development of the project. The Company, if interested, on its own may take necessary steps for reimbursement of its expenditures from such third party without any involvement of the State Govt.

12.4 In the event of failure to obtain statutory clearances within 4(Four) years period, for the reasons not attributable to the company, then the company shall apply in writing for further extension of time to the Govt. of Arunachal Pradesh. The Govt. of Arunachal Pradesh shall consider granting extension of time beyond 4(Four) years period on merit to start the implementation of the project.

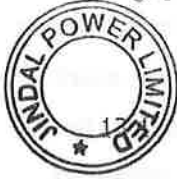
12.5 If the project does not come up due to the reasons attributable to the JV Company, the State Govt. shall have the absolute right to forfeit the upfront payment but if the project does not come up due to the



Handwritten signature
Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar.Pr. Undertaking)



reasons not attributable to the JV Company the upfront payment shall be refunded to the JV Company without any interest on it notwithstanding Clause No. 15.5: 15.1



Article 13

RESOLUTION OF DISPUTES & ARBITRATION THEREOF

In the event of any difference / dispute arising between the Parties, the same shall be resolved in accordance with the provisions of the Arbitration and Conciliation Act, 1996, unless the same has been resolved amicably by mutual consultations within 90(Ninety) days of the reference of dispute by either Party. The venue of the arbitration shall be Itanagar. The language of arbitration shall be English. The cost of arbitration shall be shared equally. In case of any litigation, the Gauhati High Court, Itanagar Permanent Bench shall have the sole jurisdiction.

Article 14

CONFIDENTIALITY

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

Article 15

PROCESSING AND UPFRONT FEES

15.1 For Subansiri Middle HEP (1600 MW), M/s Jindal Power Limited on behalf of the JV Company will deposit a sum of Rs. 80.00 Crores (Rupees Eighty Crores) only @ Rs. 5,00,000/- (Rupees Five Lakh) per MW of the proposed installed capacity vide Demand Draft drawn on State Bank of India payable at Itanagar towards non refundable upfront premium including the processing fee in favour of Secretary (Power), Govt. of Arunachal Pradesh within 7(Seven) days



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A/Power) (P/Power)

Secretary (Power)
Govt. of Arunachal Pradesh

from the date order of Hon'ble Supreme Court in I.A.No.1362-63 in 966 & 1012 in W.P. (C) No.202/1995.

15.2 In the event of reduction in the capacity of the project, the State Govt. shall not refund the proportionate reduction in the amount of the upfront premium including the processing fee. However, in the event of capacity addition in the installed capacity of the project, the Company shall obtain approval of the State Govt. for the increased capacity and upon approval of State Govt. shall pay the upfront premium for the increased capacity of the project as prescribed by the State Government and as per the State Hydro Power Policy in force.

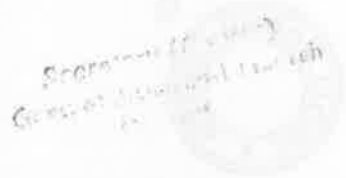
15.3 The JV Company shall provide and earmark an additional 1(one) % free power from the project for Local Area Development Fund, as per State Hydro Power Policy 2008.

15.4 The JV Company shall deposit 0.1% subject to a maximum ceiling limit of Rs. 10.00 (ten) crores of the Project Cost as Project Monitoring, Evaluation and Coordination (both technical and financial) fee by Demand Draft in favour of the Secretary (Power), Govt. of Arunachal Pradesh, Itanagar within one month of the finalization of the Detailed Project Report by the CEA/State Govt. as the case may be.

15.5 The JV Company shall provide 100 units of electricity per month to each Project Affected Family (PAF) for a period of 10(ten) years through concerned distribution Company from the date of commissioning of the project. In case the Project Affected Family (PAF) consumes less than 100 units/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.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar.Pr. Undertaking)



15.6 The JV Company shall bear the State Government's share of 10(ten) % of the project cost of RGGVY (Rajiv Gandhi Grameen Vidyutikaran Yojana) within a radius/surface distance from the Power House/Dam site of 10 km.

15.7 That the JV Company shall pay to the State Govt. royalty on forest produces, river bed materials and any other construction materials where such royalty / monopoly fee shall be applicable, as per prevalent rates applicable to Central Govt. Departments/ Project in terms of State Govt. in force from time to time.

Article 16

PENALTY.

16.1 The Company shall commission the project within a period of 8 (Eight) years from the date of receipt of all statutory clearances from State/Central Govt. agencies/authorities, achieving of Financial Closure and availability of land required for the project. In the event of failure on the part of the Company to commission the project within the targeted period, the Company shall be liable to pay penalty @ **Rs. 40,000/- (Rupees Forty Thousand) per MW** per month to the Govt. of Arunachal Pradesh for the extended period of commissioning, except when such delay is caused by Force Majeure events.

Article 17

PROJECT MONITORING COMMITTEE

17.1 The State Govt. shall constitute a Project Monitoring Committee with the Secretary (Power), Govt. of Arunachal Pradesh or any other appropriate State Govt. authority as the Chairperson for the purpose of overseeing the progress of the project and sort out the difficulties and issues that could arise with respect to implementation of the project.



Handwritten signature and a circular stamp of the Government of Arunachal Pradesh, Department of Power, with a star in the center.

Handwritten signature and a circular stamp of the Government of Arunachal Pradesh, Department of Power, with a star in the center.

The JV Company shall be represented by a senior executive of the JV Company. The JV Company shall submit a copy of monthly progress to the State Govt. for their information.

Article 18

EQUITY PARTICIPATION AND EXECUTION OF PROJECT WORKS

- 18.1 The Hydro Power Development Corporation of Arunachal Pradesh Limited (HPDCAPL) will have 26% equity share in the JV Company.
- 18.2 In case HPDCAPL arranges its own equity and / or through its authorized agency, then HPDCAPL and / or such agency shall be allowed to do so, provided that such arrangement shall not entail any liabilities towards State Government.
- 18.3 The JV Company shall be permitted to incorporate a Special Purpose Vehicle (SPV) for the purposes of this Agreement and the implementation of the Project under this Agreement. However, the rights and obligations of the respective Parties shall remain unaltered and each Party shall continue to perform their obligations diligently.

Article 19

OBLIGATIONS OF THE STATE GOVT.

The Govt. of Arunachal Pradesh hereto recognizes that:

- 19.1 Subansiri Middle HEP (1600 MW) being a run-off-the- river / storage project shall utilize the flowing water of the river to generate electricity. Such right to utilize water available upstream of the project are granted by the Govt. of Arunachal Pradesh for non-consumptive use only without charging any royalty, duty, cess or levy of any kind of such use of water.
- 19.2 The tariff/or the energy generated at the project during pre-commissioning stage shall be fixed as per the specific guidelines of Govt.



Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of A.P. Undertaking)

Secretary
Government of Arunachal Pradesh

of India for such energy for hydro-electric projects.

- 19.3 The State Govt. shall provide assistance, wherever required, 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 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 govt. shall assist.
- 19.4 The State Govt. shall provide assistance, wherever required, 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; provided that the responsibility of obtaining such a clearance and making the necessary arrangements shall rest with the JV Company.
- 19.5 The State Govt. shall provide assistance, wherever required, to the JV Company in obtaining all necessary import licenses for the project from the relevant Central Govt. authorities to the extent permissible by Law. The JV Company shall submit a list of such equipments required to be imported for the project to the State Govt. for approval. The State Govt. shall provide necessary need based assistance in obtaining the concessions and incentives given by the Central Govt. for setting up of projects in North Eastern States.
- 19.6 The State Govt. can impose an environment cess, according to the Law, which shall not be more than one paisa per unit of electricity sold and shall be collected at the source by the JV Company and deposited with the State Govt. No other taxes/duties/cess will be levied on the sale of electricity by the JV Company within the State or outside the State.



Manager
Development
AG

Secretary
General

20. Save and except as provided aforesaid none of the parties hereto shall assign their respective rights and obligations hereunder without prior consent in writing of the other party hereto.
21. The JV Company shall be governed and bound by the guidelines as may be notified by the Govt. of India or the State Govt. under the relevant Acts from time to time.
22. The JV Company hereby covenants that on demand from the Govt. of Arunachal Pradesh, it shall pay the amounts, if any payable hereunder by it to the Govt. of Arunachal Pradesh failing which the Govt. of Arunachal Pradesh may recover the same from the JV Company in any legal manner as arrears of land revenue.
23. This agreement shall be effective after receipt of Hon'ble Supreme Court's Order lifting the blanket ban on upstream Projects in Subansiri Basin in I.A.No.1362-63 in 966 & 1012 in W.P. (C) No.202/1995 and on receipt of upfront premium including processing fee by the State Govt. from the Jindal Power Limited on behalf of the JV Company.
24. The M/s Jindal Power Limited on behalf of the JV Company shall bear the stamp duty on the execution of this agreement.

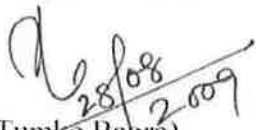


Managing Director
Hydro Power
Development Corporation of
Arunachal Pradesh Limited
(A Government of Ar. Pr. Undertaking)

Secretary
Govt. of Arunachal Pradesh


IN WITNESS WHEREOF THE PARTIES THROUGH THEIR AUTHORISED REPRESENTATIVES HAVE SIGNED THOSE PRESENTS ON THE DAY MONTH AND YEAR MENTIONED ABOVE.

Signed By :
For and behalf of Governor of
Arunachal Pradesh


(Tunkhe Bagra)
Secretary (Power)
Govt. of Arunachal Pradesh
Itanagar, Arunachal Pradesh

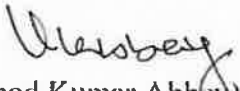
Date

Witness

1. 

Signature
(Name & Designation)
KAPIL MANTRA
C/O JINDAL CENTRE
12, BHIKASI CAMA PLACE
N DELHI- 66

Signed By :
For and behalf of M/s Jindal Power
Limited


(Vinod Kumar Abbey)
CEO(Hydro), M/s Jindal Power Ltd.

Date




Signed By :
For and behalf of Hydro Power
Development Corporation of Arunachal
Pradesh Limited


(Tara Siga)
Managing Director
Hydro Power Development Corporation of
Arunachal Pradesh Limited, Itanagar
(A Government of Ar.Pr. Undertaking)


Date

Witness

1. 

Signature (N. MAVESWARAN)
(Name & Designation)
Asst. Manager CC),
H.P.D.C.A.P. Ltd.,
ITANAGAR.

Witness

1. 
K.P. Balachandran
Signature Under Secretary, power
(Name & Designation) A.P. Seeth Itanagar

