

# **Memorandum of Understanding**

Between

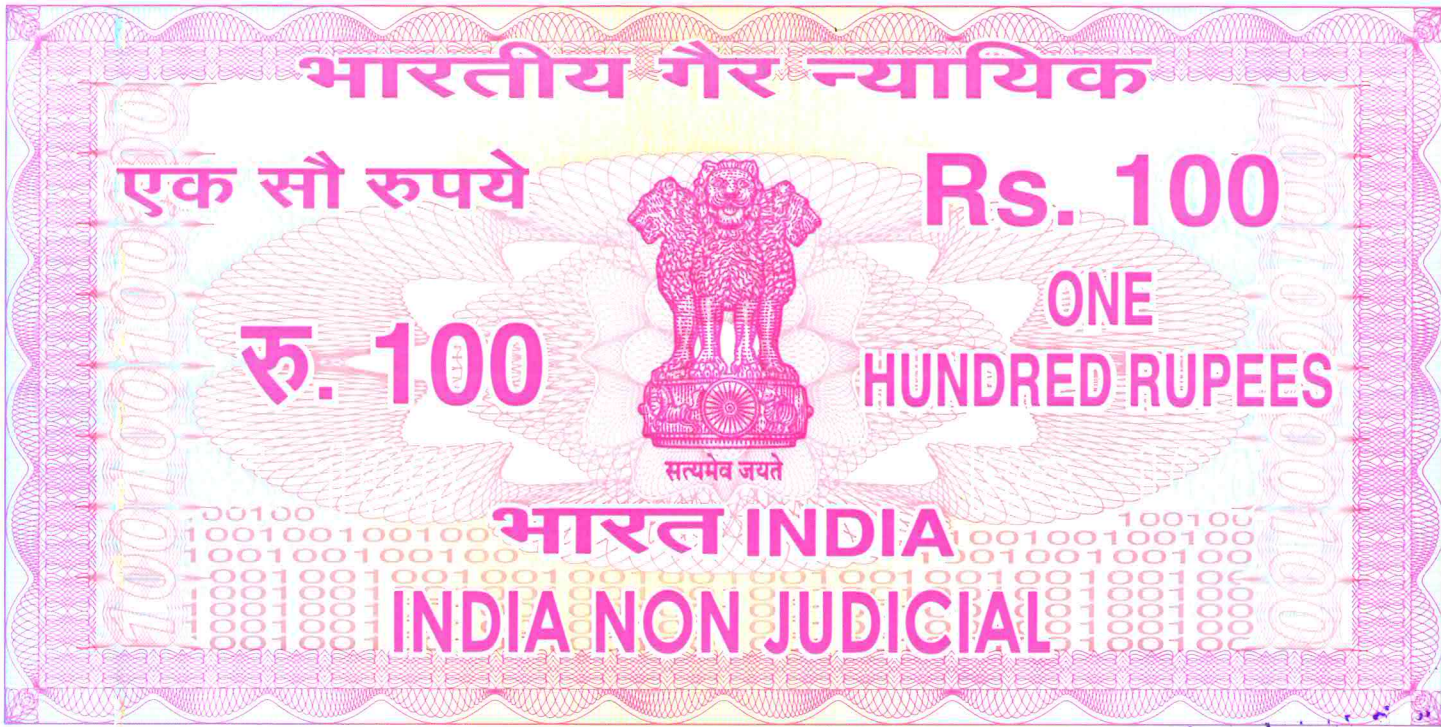
**Government of Uttar Pradesh**

And

**M/s Welspun Energy Limited**

For setting up of 2x660 MW

Thermal Power Project at Gazipur,  
Uttar Pradesh



उत्तर प्रदेश UTTAR PRADESH

AM 509273

10 DEC 2010

### Memorandum of Understanding

**This Memorandum of Understanding (M.O.U.)** is made on 31st December, 2010 corresponding to Vikram Samvat Ekadashi Krishna Pachh day of Poush Mah 2067 at LUCKNOW

BETWEEN

The Governor of UTTAR PRADESH through the Secretary, Department of Energy, Government of Uttar Pradesh, Civil Secretariat, Lucknow, (hereinafter referred to as the 'State Government' which expression shall, unless repugnant to the context or meaning thereof, include its successors) of the ONE PART.

AND

M/s Welspun Energy Limited, having its registered office at Welspun City, Village Versamali, Tal, Distt. Kutch, Gujrat-270110 (hereinafter referred to as "Company" which expression shall, unless repugnant to the context or meaning thereof, include its successors) of the OTHER PART

( नवनेतृ महोदय )  
सचिव  
ऊर्जा विभाग  
उ० प्र० शासन





WHEREAS the State Government have decided in line with the Energy Policy, 2009 of Government of Uttar Pradesh to allow Power Generation Projects in the Private Sector through Memorandum of Understanding route and have invited proposals for private investments in such projects inter alia at Gazipur in District Gazipur (Uttar Pradesh) (hereinafter referred to as "the Project").

AND WHEREAS M/s Welspun Energy Limited, the Company is desirous of setting up the 2x660 MW Coal based power project through its Special Purpose Vehicle subsidiary M/s Welspun Energy UP Private Limited having its registered office at Welspun House, 7<sup>th</sup> Floor, Kamla City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013, Maharashtra, India.

AND WHEREAS the above said Company fulfills the qualification / eligibility mentioned in the State Government guidelines notified vide GO No. 22/24 -ऊ०नि०नि०प्र०/१०-५०(प्रकोष्ठ)/०९ dated 12-01-2010.

AND WHEREAS the State Government and M/s Welspun Energy Limited, Company have held discussions and reached on an understanding for setting up of the Project and are desirous of reducing in writing the terms and conditions of the said understanding.

NOW THIS M.O.U. BETWEEN THE PARTIES HERETO WITNESSES AS FOLLOWS:-

1. The Company is desirous of setting up of the Project.
2. The State Government have accepted in principle the proposal of the Company for setting up the Project subject to the terms provided hereinafter.
3. It is agreed by the Parties hereto, that the Company will set up the Project, subject to the feasibility studies and investment approval from its Board.
4. The Company shall identify a suitable site and carry out necessary surveys for availability of land for the Project, Township and ash bund, coal or other fuel feasibility for movement of coal, water availability, power evacuation etc. The Company shall submit Feasibility Report of the Project to the State Government within 1 (One) month of signing of this M.O.U. The Company shall obtain all necessary clearances from the competent authorities. It is understood that the responsibility of arranging the fuel will be solely of the Company.
5. On receipt of the Feasibility Report from the Company, the State Government will assess various requirements and provide its acceptance to the Company. Upon such acceptance, the Company shall be permitted to proceed with the development of the Project including, but not limited to land acquisition, water allocation, coal linkage, captive coal block allocation (subject to availability), and statutory and other clearances required under the applicable Central and State laws for implementation of the Project. The primary responsibility of development of the Project shall be of the Company.

  
(सचिव)  
सचिव  
ऊर्जा विभाग  
उ० प्र० शासन

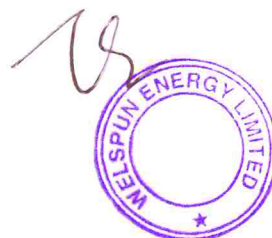


6. It is agreed between the parties that :-

- State Government through its nominated agency shall have right and not obligation to purchase power from the concerned power project of the Company, 100% of saleable energy at price to be decided by UPERC.
- The right of refusal will be exercised by the State Government each time the Company is in the process of finalizing its Power Purchase Agreement (PPA). However, the State Government would provide its concurrence or otherwise to the PPA to the Company within three months of the receipt of the same. The term of PPA shall be twenty five years. The PPA shall be approved by the Uttar Pradesh Electricity Regulatory Commission.
- The balance power or the total power, as the case may be may be sold to third party consumers, other licensees, traders etc. Such sale to third party shall be guided by the applicable regulations such as Open Access Regulations, surcharge or OA charges etc. issued by Uttar Pradesh Electricity Commission. The Company will also have to make their own arrangement for entering into a wheeling agreement with State distribution/State transmission utilities, as may be applicable, as may be mutually agreed upon between the Company and Licensee(s).
- The land requirements for the project may be identified by the State Government also. State Government shall facilitate land assembly as per the policy of the State Government. However, the land cost would be fully borne by the Company.
- The State Government shall facilitate needed water linkages expeditiously and will assist in obtaining clearances from Government of India.
- The State Government will facilitate expeditious grant of permissions, approvals, no objection certificates, recommendations, etc. under the purview of the State Government. The Company shall be responsible to obtain all the statutory clearances, approvals including approvals relating to Foreign Direct Investment, if any, as per law.
- The Project will be treated as "Industry" in terms of Industrial Policy of the State Government and all the incentives available to new projects will be applicable as per Industrial Policy of the State of Uttar Pradesh.

7. The Company shall make suitable arrangements for financing the cost of the Project and, if considered necessary, incorporation of a Public Limited Company with registered office located in Gujarat / Uttar Pradesh for implementation and operation of the Project. The State Government agree to accord all such permissions and approvals permissible under law relating to the Project as may be required in the name of the Company, as and when incorporated.

  
( निबन्धित अधिकारी )  
सचिव  
ऊर्जा विभाग  
उ० प्र० शासन





8. The Company shall provide the Project implementation schedule within 60 (sixty) days of the signing of this M.O.U. to the State Government of Uttar Pradesh. The status and progress of implementation of Project shall be monitored by State Government.
9. Where the developer sells electricity to state utilities, the transmission lines including sub-stations & its up gradation of existing equipments etc. if any, shall be done by the state utilities for evacuating the power from generating station. However the work at generating station's end including switchyard, bay etc. shall be the responsibility of developer.
10. The Company agrees that other things being equal, preference in employment will be given to residents of Uttar Pradesh.
11. The Company shall also abide by the policy directions of the State Government with regard to rehabilitating the persons adversely affected due to setting up of the Project, as also for undertaking compensatory afforestation, prevention of environmental pollution and soil conservation with the approval of the concerned authorities.
12. This M.O.U. is executed by the parties hereto and neither of them shall assign its rights and benefits hereunder.
13. This M.O.U. shall remain in force for a period of eighteen months from the date of execution of this M.O.U. Except in case of default on the part of the Company in performing its part in terms of M.O.U. the State Government shall not entertain any proposal in respect of the Project from any other party during the period this M.O.U. remain in force.
14. Each party hereto agrees that it shall not divulge any trade, commercial or technical secrets or confidential matters of each other to any third party save and except for the purpose of implementing the understanding reached in this M.O.U.
15. Neither party shall be considered to be in default under this M.O.U. for any breach of any of the terms hereof due to imposition of restriction by any Government or statutory authority.
16. The Company agrees to provide within 15 days of the signing of this M.O.U. an irrevocable Bank Guarantee from any Nationalized Bank of India of Rs. 66 crore (Rupees Sixty Six Crore only) in favour of the Governor of the State of Uttar Pradesh for carrying out the objects of this M.O.U. This Bank Guarantee shall remain valid

  
(नवनोर सिंहल)  
सचिव  
ऊर्जा विभाग  
उ० प्र० शासन

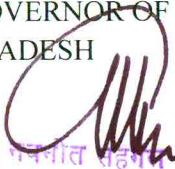


beyond six months of the period of the M.O.U. In case of breach of this M.O.U. or any part thereof by Company, the State Government shall have right to invoke the said Bank Guarantee.

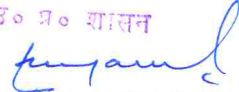
17. In the event of non implementation of Project, the corresponding support/ commitment of the State Government indicated in the M.O.U. with regard to land, water, coal including all incentives and concessions of the State Government shall be deemed to be withdrawn.
18. The Parties hereto also agree that in the event of the Parties not finally agreeing to implement the Project or if the proposal and/or the Project Report of the Company in original, or in its modified form, fails to meet the requirement, they shall bear their respective costs /liabilities and no claim shall be payable by / to either Party. Provided that the State Government shall not return any study report and documents, data, etc. made available to it by the Company in respect of the said Project and the Company shall not be entitled to claim any compensation etc. in this respect.
19. Project implementation agreement shall be separately executed between the State Government and Company.


IN WITNESS WHEREOF the Parties hereto have set their hands unto this M. O.U. on the date, month and year first above written.

FOR AND ON BEHALF OF  
GOVERNOR OF UTTAR  
PRADESH

  
(सचिव सहित) 31/12  
सचिव  
उ.प्र. शासन

WITNESSED BY:

1.   
(S. K. AGARWAL)  
Director (Finance)  
U.P. Power Corpn. Ltd.  
LUCKNOW

2.   
C.B. (P.P.A.)  
U. P. P. C. L.  
Shakti Bhawan Extn.  
Lucknow.

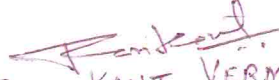
FOR AND ON BEHALF OF THE  
COMPANY


For Welspun Energy Limited

Authorized Signatory





1.  31/12/2010  
RAVI KANT VERMA  
GENERAL MANAGER  
WELSPUN ENERGY LTD.  
PTI Building, Parliament Street  
NEW DELHI

2.  31.12.10  
Tanmay Saha  
Welspun Energy Ltd.  
Near Delhi-1