

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this 7<sup>th</sup> day of February 2009

BETWEEN


the Governor of Orissa represented by the Commissioner-cum- Secretary, Energy Department (hereinafter referred to as the Government) of the one part

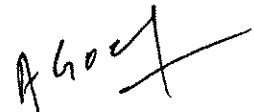
AND

**M/s. Jindal Steel & Power Ltd.** Company registered under the Companies Act 1956 having its Registered Office at **OP, Jindal Marg, Hisar, 125005, Haryana** Independent Power Producer (hereinafter referred to as "**JSPL**" which expression shall, unless repugnant to the context or meaning thereof, include its permitted assignees) of the other part.

WHEREAS **JSPL** is proposing to set up a Thermal Power Plant of **1320 MW** at Boinda, Angul in the State of Orissa with an estimated investment of about **Rs 5940.00 crores**;

AND WHEREAS for setting up the said Power Plant the following power generating facilities in the State of Orissa with proposed investment of about **Rs 5940.00 crores** is necessary;

  
Commissioner Cum Secty  
Deptt of Energy



Sl. No.	Project	Capacity in MW	Project Cost (Rs. Crores)	Time Schedule for Commissioning of the Project from the date of signing of MOU
1		1320	5940	48 Months

NOW THOSE PRESENT WITNESS AND THE PARTIES HERETO, HEREBY agree as follows:-

1. (i) Infirm power will be made available to the State at variable cost.
- (ii) A nominated agency(s) authorized by Government will have the right to purchase 14% of power sent out from the Thermal Power Plant(s) at variable cost if Coal Blocks are allocated to the IPP within the State, otherwise it will provide 12 % power at variable cost. Tariff for such power will be determined by the OERC.
- (iii) **JSPL** will have the right to sell the balance power from the Thermal Power Plant(s) to any party outside or inside the State of Orissa subject to applicable laws and regulations, for which **JSPL** may enter into contractual arrangement(s) with such buyer(s), the terms of which would be mutually agreed between **JSPL** and such buyer(s).
- (iv) In case the Government or its nominated agency is unable to honour the terms of the Power Purchase Agreement (PPA) as mentioned in clause (ii) above, **JSPL** will have the right to sell such power to any other party in or outside the State of Orissa.
- (v) (a) An annual contribution @ 6 paise per unit of the energy sent out from the Thermal Power Plant,

during the relevant year to be made by **JSPL** towards the Environment Management Fund.

(b) The contribution as stated above will not be made for energy sold in the State of Orissa.

(vi) **JSPL** may set up its own transmission facility for evacuation of power to the point of off-take by the buyer(s) or may request the State Transmission Utility, (STU) and Central Transmission Utility (CTU) or any other Transmission Utility or Licensee for evacuation of power from the Thermal Power Plant and may enter into agreements for such purpose. The Government and its concerned agency shall assist **JSPL** in the matters of the transmission facility for evacuation of power from the Thermal Power Plant. In case **JSPL** evacuates power through State Transmission Utility or Central Transmission Utility, the entire capital cost for strengthening such transmission lines for evacuation of entire power of the Thermal Power Plant will be borne by **JSPL**.

2. This MOU affirms the commitment of **JSPL** to establish a Thermal Power Plant and assistance of the Government for providing land and recommending for captive coal mines or for coal linkages and acquiring major clearances/ approvals including rights of way and other project inputs like water etc. as per the existing Law and Rules.
3. The work done by **JSPL** till establishment of the Thermal Power Plant shall be treated as project.

4. Within three months of signing of this MOU, **JSPL** shall prepare detailed milestones in the form of annual break-up of the physical and financial targets to be achieved by the Thermal Power Plant in consultation with the Secretary, Energy Department, Government of Orissa.
5. The areas of assistance and co-operation between the Government and **JSPL** are listed below:

**A. Land:**

- (i) **JSPL** will require land for the purpose of setting up the Thermal Power Plant and associated facilities (colony, coal transportation system, water transportation system, power evacuation system, ash disposal and other infrastructural facilities) which should be subject to assessment by the competent authority and availability.
- (ii) **JSPL** agrees to fully comply with the stipulations of the Government as per its policy in this regard. For rehabilitation of displaced families, Rehabilitation and Resettlement (R&R) package as notified by the State Government as well as any special stipulation relating to scheduled areas as applicable shall be followed.
- (iii) The Government agrees to acquire, the required land as per Clause (i) above and hand over the required land free from all encumbrances to **JSPL** through Orissa Industrial Infrastructure Development Corporation (IDCO) for the project and allied facilities.
- (iv) **JSPL** agrees to pay the cost of the land to IDCO in case the land is acquired for the purpose and to the

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this 7<sup>th</sup> day of February 2009

BETWEEN


the Governor of Orissa represented by the Commissioner-cum- Secretary, Energy Department (hereinafter referred to as the Government) of the one part

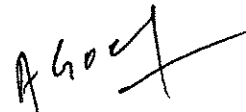
AND

**M/s. Jindal Steel & Power Ltd.** Company registered under the Companies Act 1956 having its Registered Office at **OP, Jindal Marg, Hisar, 125005, Hariyana** Independent Power Producer (hereinafter referred to as "**JSPL**" which expression shall, unless repugnant to the context or meaning thereof, include its permitted assignees) of the other part.

WHEREAS **JSPL** is proposing to set up a Thermal Power Plant of **1320 MW** at Boinda, Angul in the State of Orissa with an estimated investment of about **Rs 5940.00 crores**;

AND WHEREAS for setting up the said Power Plant the following power generating facilities in the State of Orissa with proposed investment of about **Rs 5940.00 crores** is necessary;

  
Commissioner Cum Secty  
Deptt of Energy



Sl. No.	Project	Capacity in MW	Project Cost (Rs. Crores)	Time Schedule for Commissioning of the Project from the date of signing of MOU
1		1320	5940	48 Months

NOW THOSE PRESENT WITNESS AND THE PARTIES HERETO, HEREBY agree as follows:-

1. (i) Infirm power will be made available to the State at variable cost.
- (ii) A nominated agency(s) authorized by Government will have the right to purchase 14% of power sent out from the Thermal Power Plant(s) at variable cost if Coal Blocks are allocated to the IPP within the State, otherwise it will provide 12 % power at variable cost. Tariff for such power will be determined by the OERC.
- (iii) **JSPL** will have the right to sell the balance power from the Thermal Power Plant(s) to any party outside or inside the State of Orissa subject to applicable laws and regulations, for which **JSPL** may enter into contractual arrangement(s) with such buyer(s), the terms of which would be mutually agreed between **JSPL** and such buyer(s).
- (iv) In case the Government or its nominated agency is unable to honour the terms of the Power Purchase Agreement (PPA) as mentioned in clause (ii) above, **JSPL** will have the right to sell such power to any other party in or outside the State of Orissa.
- (v) (a) An annual contribution @ 6 paise per unit of the energy sent out from the Thermal Power Plant,

during the relevant year to be made by **JSPL** towards the Environment Management Fund.

(b) The contribution as stated above will not be made for energy sold in the State of Orissa.

(vi) **JSPL** may set up its own transmission facility for evacuation of power to the point of off-take by the buyer(s) or may request the State Transmission Utility, (STU) and Central Transmission Utility (CTU) or any other Transmission Utility or Licensee for evacuation of power from the Thermal Power Plant and may enter into agreements for such purpose. The Government and its concerned agency shall assist **JSPL** in the matters of the transmission facility for evacuation of power from the Thermal Power Plant. In case **JSPL** evacuates power through State Transmission Utility or Central Transmission Utility, the entire capital cost for strengthening such transmission lines for evacuation of entire power of the Thermal Power Plant will be borne by **JSPL**.

2. This MOU affirms the commitment of **JSPL** to establish a Thermal Power Plant and assistance of the Government for providing land and recommending for captive coal mines or for coal linkages and acquiring major clearances/ approvals including rights of way and other project inputs like water etc. as per the existing Law and Rules.

3. The work done by **JSPL** till establishment of the Thermal Power Plant shall be treated as project.

4. Within three months of signing of this MOU, **JSPL** shall prepare detailed milestones in the form of annual break-up of the physical and financial targets to be achieved by the Thermal Power Plant in consultation with the Secretary, Energy Department, Government of Orissa.
5. The areas of assistance and co-operation between the Government and **JSPL** are listed below:

**A. Land:**

- (i) **JSPL** will require land for the purpose of setting up the Thermal Power Plant and associated facilities (colony, coal transportation system, water transportation system, power evacuation system, ash disposal and other infrastructural facilities) which should be subject to assessment by the competent authority and availability.
- (ii) **JSPL** agrees to fully comply with the stipulations of the Government as per its policy in this regard. For rehabilitation of displaced families, Rehabilitation and Resettlement (R&R) package as notified by the State Government as well as any special stipulation relating to scheduled areas as applicable shall be followed.
- (iii) The Government agrees to acquire, the required land as per Clause (i) above and hand over the required land free from all encumbrances to **JSPL** through Orissa Industrial Infrastructure Development Corporation (IDCO) for the project and allied facilities.
- (iv) **JSPL** agrees to pay the cost of the land to IDCO in case the land is acquired for the purpose and to the



Revenue authorities in case the land is Government land alongwith the rehabilitation costs and other related charges. In case the Project is abandoned for some reason or other, all required rehabilitation cost shall be borne by the **JSPL** in the same manner as if the project has been implemented. All incidental charges paid by the **JSPL** for such land acquisition paid to various authorities will stand forfeited.

**B. Coal:**

- (i) The Government agree to facilitate allotment of coal blocks for the purpose of mining to be utilized for the project and would provide all assistance for such allocation, in accordance with the provisions of applicable Law and Rules which would include but not be limited to recommendation to the Central Government authorities (like Ministry of Coal, Ministry of Power, Central Electricity Authority and any other entities within or outside the State).
- (ii) On allocation of coal block and sanction of the mining lease by Government of India (GOI) the Government will execute necessary mining lease and assist **JSPL** in acquiring and handing over the required land for the captive coal mine and in accordance with the applicable Law and Rules in obtaining electric power for construction of the Thermal Power Plant and operation of such mine, forest and environment clearances and other statutory clearances, inputs like power and water, etc. for construction and operation of such mine.
- (iii) In case no coal block is allotted for the subject power station, as an alternative to captive mining facility, the Government will assist **JSPL** to get the allocation

of long term coal linkage of suitable quantity and quality to meet its requirement by recommending the proposal to the Ministry of Coal and such other entity, as may be necessary.

**C. Water:**

- (i) A suitable technical solution for drawal of water will be finalized by the Government through its nominated agency, the Orissa Industrial Infrastructure Development Corporation (IDCO) in consultation with **JSPL** in accordance with the provisions of the applicable Law and Rules.
- (ii) IDCO will be directed by the Government to acquire land for head works and control mechanism and other related facilities and to make available land on long term lease to **JSPL** for construction and operation of head works and control mechanism. The continuance of the lease agreement will be subject to the condition that **JSPL** shall pay water charges covering prevailing water rate as fixed by the Government of Orissa from time to time and any other statutory dues as may be payable besides any charges levied by IDCO and the conditions indicated at sub-clause (iii) below.
- (iii) Advance payment of applicable water charges for a period of two years calculated from the date of signing this MOU on the water required by the **JSPL**, will be guaranteed by **JSPL** through issue of suitable bank guarantee to be renewed before two months of expiry of every such period as a continuing arrangement.

*A. Goel*

- (iv) IDCO will be directed by the Government to construct and operate the connecting water line to the power plant on behalf of the company or **JSPL** may be allowed to construct and operate the same on mutually agreed terms and conditions.
- (v) Government may give direction to the IDCO that in case the water supply for **JSPL** is to be made from a common source through a sharing mechanism such common infrastructure for drawal of water will be constructed, maintained and operated by IDCO and water will be supplied to **JSPL** by IDCO through suitable long term commercial arrangements. The arrangements for the same will be subject to conditions indicated at sub-clause (iii) above.
- (vi) Hydro power loss, if any, on account of water drawn from upstream of Reservoir, wherever applicable is to be compensated by suitable quantum of power or by way of cash compensation as may be decided by the Government.
- (vii) Overall availability from Mahanadi River System will be considered from technical, commercial and environmental angle and appropriate location may be finalized with water either from that system or any other system as may be approved.
- (viii) Water requirements should be subject to assessment by the competent authority and availability. The Company to participate in the construction of barrages from upstream of Mundali barrages of Mahanadi river to meet the water requirement of the project during the lean season apart from creating sufficient storage of water within their own land.

#### **D. Power:**

**Construction Power:** The Government shall see that power as required for the construction work of the Project up to commissioning is supplied by Orissa Power Transmission Corporation Ltd. or concerned Distribution Company from the nearest feasible source and at the tariff applicable for such power as determined by the Orissa Electricity Regulatory Commission (OERC).

#### **E. Environment:**

- (i) The Government agree to assist **JSPL** in obtaining clearance from the Ministry of Environment & Forest (MoEF) as well as the "No Objection Certificate" (NOC) /Consent for Establishment (CFE) from the State Pollution Control Board for the construction and operation of the Thermal Power Plant, the housing colony, captive coal, etc. **JSPL** shall abide by the instructions issued by the Ministry of Environment & Forest, GoI for utilization of fly ash. The Company will submit Fly Ash management plan duly approved by Orissa State Pollution Control Board.
- (ii) **JSPL** will arrange to conduct rapid Environment Impact Assessment (EIA) and detailed EIA study and prepare Environment Management Plan (EMP) for the project. The Government agree to assist **JSPL** in this.

#### **F. Statutory permits / clearances:**

Government agree to assist **JSPL** in obtaining all clearances/ permits / approvals from the Central

Government, State Government departments or agencies, Regulatory Commissions and Local Bodies (Municipal, Panchayat, etc.).

**G. Law & Order:**

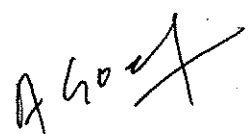
The Government and its concerned Departments or agencies will facilitate and assist **JSPL** during various stages of the project as also of the captive coal mine, in a smooth and unhampered manner by maintaining the law and order in the Project area and its vicinity.

**H. Incentives and Concessions:**

**JSPL** understands that the Government would consider such incentives and concessions as are provided in the relevant Industrial Policy Resolution (IPR) of the State Government and applicable provisions & policies of the Union Government.

**I. General Clauses:**

- (i) The **JSPL** shall submit Board Resolution(s) approving the debt and equity proposed for the project to be set up in Orissa.
- (ii) The **JSPL** is a responsible corporate house with a high involvement in employee's welfare and social development. The Government, therefore, understand that **JSPL** will bring this philosophy to the Power Plant being set up in Angul District to ensure the well being of this District in particular and the people of Orissa in general. In the matter of employment, preference will be given to the people of Orissa as well as local persons subject to the need of the project and their possessing



## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this 7<sup>th</sup> day of February 2009

BETWEEN


the Governor of Orissa represented by the Commissioner-cum- Secretary, Energy Department (hereinafter referred to as the Government) of the one part

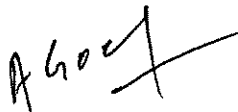
AND

**M/s. Jindal Steel & Power Ltd.** Company registered under the Companies Act 1956 having its Registered Office at **OP, Jindal Marg, Hisar, 125005, Hariyana** Independent Power Producer (hereinafter referred to as "**JSPL**" which expression shall, unless repugnant to the context or meaning thereof, include its permitted assignees) of the other part.

WHEREAS **JSPL** is proposing to set up a Thermal Power Plant of **1320 MW** at Boinda, Angul in the State of Orissa with an estimated investment of about **Rs 5940.00 crores**;

AND WHEREAS for setting up the said Power Plant the following power generating facilities in the State of Orissa with proposed investment of about **Rs 5940.00** crores is necessary;

  
Commissioner Cum Secty  
Deptt of Energy



Sl. No.	Project	Capacity in MW	Project Cost (Rs. Crores)	Time Schedule for Commissioning of the Project from the date of signing of MOU
1		1320	5940	48 Months

NOW THOSE PRESENT WITNESS AND THE PARTIES HERETO, HEREBY agree as follows:-

1. (i) Infirm power will be made available to the State at variable cost.
- (ii) A nominated agency(s) authorized by Government will have the right to purchase 14% of power sent out from the Thermal Power Plant(s) at variable cost if Coal Blocks are allocated to the IPP within the State, otherwise it will provide 12 % power at variable cost. Tariff for such power will be determined by the OERC.
- (iii) **JSPL** will have the right to sell the balance power from the Thermal Power Plant(s) to any party outside or inside the State of Orissa subject to applicable laws and regulations, for which **JSPL** may enter into contractual arrangement(s) with such buyer(s), the terms of which would be mutually agreed between **JSPL** and such buyer(s).
- (iv) In case the Government or its nominated agency is unable to honour the terms of the Power Purchase Agreement (PPA) as mentioned in clause (ii) above, **JSPL** will have the right to sell such power to any other party in or outside the State of Orissa.
- (v) (a) An annual contribution @ 6 paise per unit of the energy sent out from the Thermal Power Plant,

*Handwritten signature*

during the relevant year to be made by **JSPL** towards the Environment Management Fund.

(b) The contribution as stated above will not be made for energy sold in the State of Orissa.

(vi) **JSPL** may set up its own transmission facility for evacuation of power to the point of off-take by the buyer(s) or may request the State Transmission Utility, (STU) and Central Transmission Utility (CTU) or any other Transmission Utility or Licensee for evacuation of power from the Thermal Power Plant and may enter into agreements for such purpose. The Government and its concerned agency shall assist **JSPL** in the matters of the transmission facility for evacuation of power from the Thermal Power Plant. In case **JSPL** evacuates power through State Transmission Utility or Central Transmission Utility, the entire capital cost for strengthening such transmission lines for evacuation of entire power of the Thermal Power Plant will be borne by **JSPL**.

2. This MOU affirms the commitment of **JSPL** to establish a Thermal Power Plant and assistance of the Government for providing land and recommending for captive coal mines or for coal linkages and acquiring major clearances/ approvals including rights of way and other project inputs like water etc. as per the existing Law and Rules.
3. The work done by **JSPL** till establishment of the Thermal Power Plant shall be treated as project.



4. Within three months of signing of this MOU, **JSPL** shall prepare detailed milestones in the form of annual break-up of the physical and financial targets to be achieved by the Thermal Power Plant in consultation with the Secretary, Energy Department, Government of Orissa.
5. The areas of assistance and co-operation between the Government and **JSPL** are listed below:

**A. Land:**

- (i) **JSPL** will require land for the purpose of setting up the Thermal Power Plant and associated facilities (colony, coal transportation system, water transportation system, power evacuation system, ash disposal and other infrastructural facilities) which should be subject to assessment by the competent authority and availability.
- (ii) **JSPL** agrees to fully comply with the stipulations of the Government as per its policy in this regard. For rehabilitation of displaced families, Rehabilitation and Resettlement (R&R) package as notified by the State Government as well as any special stipulation relating to scheduled areas as applicable shall be followed.
- (iii) The Government agrees to acquire, the required land as per Clause (i) above and hand over the required land free from all encumbrances to **JSPL** through Orissa Industrial Infrastructure Development Corporation (IDCO) for the project and allied facilities.
- (iv) **JSPL** agrees to pay the cost of the land to IDCO in case the land is acquired for the purpose and to the

Revenue authorities in case the land is Government land alongwith the rehabilitation costs and other related charges. In case the Project is abandoned for some reason or other, all required rehabilitation cost shall be borne by the **JSPL** in the same manner as if the project has been implemented. All incidental charges paid by the **JSPL** for such land acquisition paid to various authorities will stand forfeited.

**B. Coal:**

- (i) The Government agree to facilitate allotment of coal blocks for the purpose of mining to be utilized for the project and would provide all assistance for such allocation, in accordance with the provisions of applicable Law and Rules which would include but not be limited to recommendation to the Central Government authorities (like Ministry of Coal, Ministry of Power, Central Electricity Authority and any other entities within or outside the State).
- (ii) On allocation of coal block and sanction of the mining lease by Government of India (GOI) the Government will execute necessary mining lease and assist **JSPL** in acquiring and handing over the required land for the captive coal mine and in accordance with the applicable Law and Rules in obtaining electric power for construction of the Thermal Power Plant and operation of such mine, forest and environment clearances and other statutory clearances, inputs like power and water, etc. for construction and operation of such mine.
- (iii) In case no coal block is allotted for the subject power station, as an alternative to captive mining facility, the Government will assist **JSPL** to get the allocation

of long term coal linkage of suitable quantity and quality to meet its requirement by recommending the proposal to the Ministry of Coal and such other entity, as may be necessary.

**C. Water:**

- (i) A suitable technical solution for drawal of water will be finalized by the Government through its nominated agency, the Orissa Industrial Infrastructure Development Corporation (IDCO) in consultation with **JSPL** in accordance with the provisions of the applicable Law and Rules.
- (ii) IDCO will be directed by the Government to acquire land for head works and control mechanism and other related facilities and to make available land on long term lease to **JSPL** for construction and operation of head works and control mechanism. The continuance of the lease agreement will be subject to the condition that **JSPL** shall pay water charges covering prevailing water rate as fixed by the Government of Orissa from time to time and any other statutory dues as may be payable besides any charges levied by IDCO and the conditions indicated at sub-clause (iii) below.
- (iii) Advance payment of applicable water charges for a period of two years calculated from the date of signing this MOU on the water required by the **JSPL**, will be guaranteed by **JSPL** through issue of suitable bank guarantee to be renewed before two months of expiry of every such period as a continuing arrangement.

*A. Goel*

- (iv) IDCO will be directed by the Government to construct and operate the connecting water line to the power plant on behalf of the company or **JSPL** may be allowed to construct and operate the same on mutually agreed terms and conditions.
- (v) Government may give direction to the IDCO that in case the water supply for **JSPL** is to be made from a common source through a sharing mechanism such common infrastructure for drawal of water will be constructed, maintained and operated by IDCO and water will be supplied to **JSPL** by IDCO through suitable long term commercial arrangements. The arrangements for the same will be subject to conditions indicated at sub-clause (iii) above.
- (vi) Hydro power loss, if any, on account of water drawn from upstream of Reservoir, wherever applicable is to be compensated by suitable quantum of power or by way of cash compensation as may be decided by the Government.
- (vii) Overall availability from Mahanadi River System will be considered from technical, commercial and environmental angle and appropriate location may be finalized with water either from that system or any other system as may be approved.
- (viii) Water requirements should be subject to assessment by the competent authority and availability. The Company to participate in the construction of barrages from upstream of Mundali barrages of Mahanadi river to meet the water requirement of the project during the lean season apart from creating sufficient storage of water within their own land.

#### **D. Power:**

**Construction Power:** The Government shall see that power as required for the construction work of the Project up to commissioning is supplied by Orissa Power Transmission Corporation Ltd. or concerned Distribution Company from the nearest feasible source and at the tariff applicable for such power as determined by the Orissa Electricity Regulatory Commission (OERC).

#### **E. Environment:**

- (i) The Government agree to assist **JSPL** in obtaining clearance from the Ministry of Environment & Forest (MoEF) as well as the "No Objection Certificate" (NOC) /Consent for Establishment (CFE) from the State Pollution Control Board for the construction and operation of the Thermal Power Plant, the housing colony, captive coal, etc. **JSPL** shall abide by the instructions issued by the Ministry of Environment & Forest, GoI for utilization of fly ash. The Company will submit Fly Ash management plan duly approved by Orissa State Pollution Control Board.
- (ii) **JSPL** will arrange to conduct rapid Environment Impact Assessment (EIA) and detailed EIA study and prepare Environment Management Plan (EMP) for the project. The Government agree to assist **JSPL** in this.

#### **F. Statutory permits / clearances:**

Government agree to assist **JSPL** in obtaining all clearances/ permits / approvals from the Central

Government, State Government departments or agencies, Regulatory Commissions and Local Bodies (Municipal, Panchayat, etc.).

**G. Law & Order:**

The Government and its concerned Departments or agencies will facilitate and assist **JSPL** during various stages of the project as also of the captive coal mine, in a smooth and unhampered manner by maintaining the law and order in the Project area and its vicinity.

**H. Incentives and Concessions:**

**JSPL** understands that the Government would consider such incentives and concessions as are provided in the relevant Industrial Policy Resolution (IPR) of the State Government and applicable provisions & policies of the Union Government.

**I. General Clauses:**

- (i) The **JSPL** shall submit Board Resolution(s) approving the debt and equity proposed for the project to be set up in Orissa.
- (ii) The **JSPL** is a responsible corporate house with a high involvement in employee's welfare and social development. The Government, therefore, understand that **JSPL** will bring this philosophy to the Power Plant being set up in Angul District to ensure the well being of this District in particular and the people of Orissa in general. In the matter of employment, preference will be given to the people of Orissa as well as local persons subject to the need of the project and their possessing

the necessary qualifications and **JSPL** agrees to comply with policies of the State Government in this regard.

Employment to local people may be provided by the **JSPL** in the following ratios for the project affected people and people of Orissa.

- Unskilled and Semiskilled:- A minimum 90% of total requirement from among the local people.
- Skilled Level:- A minimum 60% from among the local people.
- Supervisory Managerial:- A minimum 30% from among the local people.
- Senior Executives:- Open market based on merit.

The **JSPL** shall be required to abide by the following:-

- (1) It shall submit employment status report to the Collector with a copy to the Department of Energy in every quarter.
- (2) The fulfillment of ratios for the local people by the **JSPL** shall be reviewed by the Collector in every quarter.
- (3) For the purpose of employment of locals in **JSPL** "Locals" means all the project displaced and affected people on preference followed by the people domiciled in the State of Orissa.

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this 7<sup>th</sup> day of February 2009

BETWEEN


the Governor of Orissa represented by the Commissioner-cum- Secretary, Energy Department (hereinafter referred to as the Government) of the one part

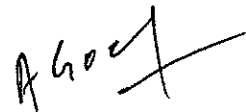
AND

**M/s. Jindal Steel & Power Ltd.** Company registered under the Companies Act 1956 having its Registered Office at **OP, Jindal Marg, Hisar, 125005, Hariyana** Independent Power Producer (hereinafter referred to as "**JSPL**" which expression shall, unless repugnant to the context or meaning thereof, include its permitted assignees) of the other part.

WHEREAS **JSPL** is proposing to set up a Thermal Power Plant of **1320 MW** at Boinda, Angul in the State of Orissa with an estimated investment of about **Rs 5940.00 crores**;

AND WHEREAS for setting up the said Power Plant the following power generating facilities in the State of Orissa with proposed investment of about **Rs 5940.00** crores is necessary;

  
Commissioner Cum Secty  
Deptt of Energy





Sl. No.	Project	Capacity in MW	Project Cost (Rs. Crores)	Time Schedule for Commissioning of the Project from the date of signing of MOU
1		1320	5940	48 Months

NOW THOSE PRESENT WITNESS AND THE PARTIES HERETO, HEREBY agree as follows:-

1. (i) Infirm power will be made available to the State at variable cost.
- (ii) A nominated agency(s) authorized by Government will have the right to purchase 14% of power sent out from the Thermal Power Plant(s) at variable cost if Coal Blocks are allocated to the IPP within the State, otherwise it will provide 12 % power at variable cost. Tariff for such power will be determined by the OERC.
- (iii) **JSPL** will have the right to sell the balance power from the Thermal Power Plant(s) to any party outside or inside the State of Orissa subject to applicable laws and regulations, for which **JSPL** may enter into contractual arrangement(s) with such buyer(s), the terms of which would be mutually agreed between **JSPL** and such buyer(s).
- (iv) In case the Government or its nominated agency is unable to honour the terms of the Power Purchase Agreement (PPA) as mentioned in clause (ii) above, **JSPL** will have the right to sell such power to any other party in or outside the State of Orissa.
- (v) (a) An annual contribution @ 6 paise per unit of the energy sent out from the Thermal Power Plant,

during the relevant year to be made by **JSPL** towards the Environment Management Fund.

(b) The contribution as stated above will not be made for energy sold in the State of Orissa.

(vi) **JSPL** may set up its own transmission facility for evacuation of power to the point of off-take by the buyer(s) or may request the State Transmission Utility, (STU) and Central Transmission Utility (CTU) or any other Transmission Utility or Licensee for evacuation of power from the Thermal Power Plant and may enter into agreements for such purpose. The Government and its concerned agency shall assist **JSPL** in the matters of the transmission facility for evacuation of power from the Thermal Power Plant. In case **JSPL** evacuates power through State Transmission Utility or Central Transmission Utility, the entire capital cost for strengthening such transmission lines for evacuation of entire power of the Thermal Power Plant will be borne by **JSPL**.

2. This MOU affirms the commitment of **JSPL** to establish a Thermal Power Plant and assistance of the Government for providing land and recommending for captive coal mines or for coal linkages and acquiring major clearances/ approvals including rights of way and other project inputs like water etc. as per the existing Law and Rules.
3. The work done by **JSPL** till establishment of the Thermal Power Plant shall be treated as project.

4. Within three months of signing of this MOU, **JSPL** shall prepare detailed milestones in the form of annual break-up of the physical and financial targets to be achieved by the Thermal Power Plant in consultation with the Secretary, Energy Department, Government of Orissa.
5. The areas of assistance and co-operation between the Government and **JSPL** are listed below:

**A. Land:**

- (i) **JSPL** will require land for the purpose of setting up the Thermal Power Plant and associated facilities (colony, coal transportation system, water transportation system, power evacuation system, ash disposal and other infrastructural facilities) which should be subject to assessment by the competent authority and availability.
- (ii) **JSPL** agrees to fully comply with the stipulations of the Government as per its policy in this regard. For rehabilitation of displaced families, Rehabilitation and Resettlement (R&R) package as notified by the State Government as well as any special stipulation relating to scheduled areas as applicable shall be followed.
- (iii) The Government agrees to acquire, the required land as per Clause (i) above and hand over the required land free from all encumbrances to **JSPL** through Orissa Industrial Infrastructure Development Corporation (IDCO) for the project and allied facilities.
- (iv) **JSPL** agrees to pay the cost of the land to IDCO in case the land is acquired for the purpose and to the

Revenue authorities in case the land is Government land alongwith the rehabilitation costs and other related charges. In case the Project is abandoned for some reason or other, all required rehabilitation cost shall be borne by the **JSPL** in the same manner as if the project has been implemented. All incidental charges paid by the **JSPL** for such land acquisition paid to various authorities will stand forfeited.

**B. Coal:**

- (i) The Government agree to facilitate allotment of coal blocks for the purpose of mining to be utilized for the project and would provide all assistance for such allocation, in accordance with the provisions of applicable Law and Rules which would include but not be limited to recommendation to the Central Government authorities (like Ministry of Coal, Ministry of Power, Central Electricity Authority and any other entities within or outside the State).
- (ii) On allocation of coal block and sanction of the mining lease by Government of India (GOI) the Government will execute necessary mining lease and assist **JSPL** in acquiring and handing over the required land for the captive coal mine and in accordance with the applicable Law and Rules in obtaining electric power for construction of the Thermal Power Plant and operation of such mine, forest and environment clearances and other statutory clearances, inputs like power and water, etc. for construction and operation of such mine.
- (iii) In case no coal block is allotted for the subject power station, as an alternative to captive mining facility, the Government will assist **JSPL** to get the allocation

of long term coal linkage of suitable quantity and quality to meet its requirement by recommending the proposal to the Ministry of Coal and such other entity, as may be necessary.

**C. Water:**

- (i) A suitable technical solution for drawal of water will be finalized by the Government through its nominated agency, the Orissa Industrial Infrastructure Development Corporation (IDCO) in consultation with **JSPL** in accordance with the provisions of the applicable Law and Rules.
- (ii) IDCO will be directed by the Government to acquire land for head works and control mechanism and other related facilities and to make available land on long term lease to **JSPL** for construction and operation of head works and control mechanism. The continuance of the lease agreement will be subject to the condition that **JSPL** shall pay water charges covering prevailing water rate as fixed by the Government of Orissa from time to time and any other statutory dues as may be payable besides any charges levied by IDCO and the conditions indicated at sub-clause (iii) below.
- (iii) Advance payment of applicable water charges for a period of two years calculated from the date of signing this MOU on the water required by the **JSPL**, will be guaranteed by **JSPL** through issue of suitable bank guarantee to be renewed before two months of expiry of every such period as a continuing arrangement.

*A. Goel*

- (iv) IDCO will be directed by the Government to construct and operate the connecting water line to the power plant on behalf of the company or **JSPL** may be allowed to construct and operate the same on mutually agreed terms and conditions.
- (v) Government may give direction to the IDCO that in case the water supply for **JSPL** is to be made from a common source through a sharing mechanism such common infrastructure for drawal of water will be constructed, maintained and operated by IDCO and water will be supplied to **JSPL** by IDCO through suitable long term commercial arrangements. The arrangements for the same will be subject to conditions indicated at sub-clause (iii) above.
- (vi) Hydro power loss, if any, on account of water drawn from upstream of Reservoir, wherever applicable is to be compensated by suitable quantum of power or by way of cash compensation as may be decided by the Government.
- (vii) Overall availability from Mahanadi River System will be considered from technical, commercial and environmental angle and appropriate location may be finalized with water either from that system or any other system as may be approved.
- (viii) Water requirements should be subject to assessment by the competent authority and availability. The Company to participate in the construction of barrages from upstream of Mundali barrages of Mahanadi river to meet the water requirement of the project during the lean season apart from creating sufficient storage of water within their own land.

#### **D. Power:**

**Construction Power:** The Government shall see that power as required for the construction work of the Project up to commissioning is supplied by Orissa Power Transmission Corporation Ltd. or concerned Distribution Company from the nearest feasible source and at the tariff applicable for such power as determined by the Orissa Electricity Regulatory Commission (OERC).

#### **E. Environment:**

- (i) The Government agree to assist **JSPL** in obtaining clearance from the Ministry of Environment & Forest (MoEF) as well as the "No Objection Certificate" (NOC) /Consent for Establishment (CFE) from the State Pollution Control Board for the construction and operation of the Thermal Power Plant, the housing colony, captive coal, etc. **JSPL** shall abide by the instructions issued by the Ministry of Environment & Forest, GoI for utilization of fly ash. The Company will submit Fly Ash management plan duly approved by Orissa State Pollution Control Board.
- (ii) **JSPL** will arrange to conduct rapid Environment Impact Assessment (EIA) and detailed EIA study and prepare Environment Management Plan (EMP) for the project. The Government agree to assist **JSPL** in this.

#### **F. Statutory permits / clearances:**

Government agree to assist **JSPL** in obtaining all clearances/ permits / approvals from the Central

Government, State Government departments or agencies, Regulatory Commissions and Local Bodies (Municipal, Panchayat, etc.).

**G. Law & Order:**

The Government and its concerned Departments or agencies will facilitate and assist **JSPL** during various stages of the project as also of the captive coal mine, in a smooth and unhampered manner by maintaining the law and order in the Project area and its vicinity.

**H. Incentives and Concessions:**

**JSPL** understands that the Government would consider such incentives and concessions as are provided in the relevant Industrial Policy Resolution (IPR) of the State Government and applicable provisions & policies of the Union Government.

**I. General Clauses:**

- (i) The **JSPL** shall submit Board Resolution(s) approving the debt and equity proposed for the project to be set up in Orissa.
- (ii) The **JSPL** is a responsible corporate house with a high involvement in employee's welfare and social development. The Government, therefore, understand that **JSPL** will bring this philosophy to the Power Plant being set up in Angul District to ensure the well being of this District in particular and the people of Orissa in general. In the matter of employment, preference will be given to the people of Orissa as well as local persons subject to the need of the project and their possessing



the necessary qualifications and **JSPL** agrees to comply with policies of the State Government in this regard.

Employment to local people may be provided by the **JSPL** in the following ratios for the project affected people and people of Orissa.

- Unskilled and Semiskilled:- A minimum 90% of total requirement from among the local people.
- Skilled Level:- A minimum 60% from among the local people.
- Supervisory Managerial:- A minimum 30% from among the local people.
- Senior Executives:- Open market based on merit.

The **JSPL** shall be required to abide by the following:-

- (1) It shall submit employment status report to the Collector with a copy to the Department of Energy in every quarter.
- (2) The fulfillment of ratios for the local people by the **JSPL** shall be reviewed by the Collector in every quarter.
- (3) For the purpose of employment of locals in **JSPL** "Locals" means all the project displaced and affected people on preference followed by the people domiciled in the State of Orissa.

**JSPL** will make every effort to improve their skill levels, if necessary, through specialized training. For this purpose, Government will nominate a Nodal Agency or Officer to coordinate with the **JSPL**. **JSPL** also agrees to make suitable contribution towards augmenting the administrative and developmental infrastructure of the project area during the construction period in order to facilitate smooth implementation of the project. This will be decided jointly in consultation with the Government representatives in the Energy Department, IDCO and the district administration.

(iii) As per the policy of the Government of Orissa all the Thermal Power Project Promoter be encouraged to bring additional investments (in sectors other than thermal power) for creation of employment opportunities for local people along with additional revenue generation of the State Government.

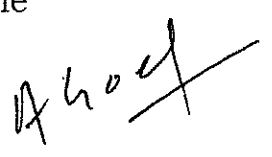
Accordingly, **JSPL** has given a commitment letter to bring the additional investment. **JSPL's** letter is annexed which forms a part of this MoU.

(iv) The Government appreciate that **JSPL** will be entitled to induct suitable foreign and/or Indian Joint Venture partners, choose appropriate financial options, project structure, suppliers, credit options and technologies in the best interest of the project and the captive coal mines, in accordance with the applicable Law and Rules.

(v) **JSPL** shall allow construction, erection and maintenance of any works during the development and operation stages in connection with supply of electric power and water by the Government or its


instrumentality, within the land acquired for the Project.

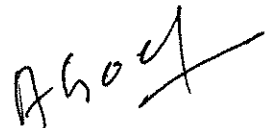
- (vi) The MOU shall remain valid for a period of three years from the date of signing and may be further extended by Government on a request made by **JSPL** in this regard. However, no such extension shall be considered unless **JSPL** has made substantial progress on implementation of the project in terms of the project development activities covering land acquisition, statutory approvals such other activities to the satisfaction of Government.
- (vii) The MOU may be terminated by either party in the event of failure of the other party to fulfill the terms and conditions of the MOU or inadequate progress of implementation without any obligations to either party, by giving three months notice in writing. Further, during this period, the MOU can be terminated by mutual consent of the Parties if it is jointly agreed that due to certain insurmountable reasons, it is not possible to proceed further with the Project.
- (viii) **JSPL** shall be required to produce document towards financial closure within 18 months from the signing of this MOU.
- (ix) Declared milestones will be prepared by the **JSPL** in consultation with the Government and the Government will consider the progress of implementation of these milestones like acquisition of land, allocation of water and coal linkage etc.
- (x) In the event of non-implementation of the project or part thereof, the corresponding support/commitment of the Government indicated in the MOU with regard to the



Project and coal blocks/linked coal mines, incentives and concessions of the Government in particular shall be liable to be cancelled.

- (xi) It shall be obligatory for **JSPL** to furnish information required by the Government relevant to planning, formulation, lay out, financing and implementation of the Project as well as the financial and management status and performance of the promoters to the Government or to its nominated agency as and when so required as expeditiously as possible.
- (xii) To promote the ancillary and downstream industries within the state, **JSPL** agrees to facilitate participation of local small and medium enterprises within the State for providing products and services required for the Project during its construction and implementation as well as operation phases to the extent practicable.
- (xiii) While implementing the Project, **JSPL** undertakes to comply with all statutory requirements/clearances in respect of laws, regulations and procedures governing establishment and operation of industries in the state.
- (xiv) **JSPL** understands that the Government, in order to carry out the required environmental amelioration activities in a sustained manner, intend to set up an Environmental Management Fund. In view of the necessity to maintain a clean environment in the State in the vicinity of the Project and its hinterland **JSPL** does hereby agree to support the efforts of the Government as referred to clause 1(v).

  
Commissioner Cum Secy  
Deptt of Energy



## J. Address for Communication

Commissioner-cum-Secretary  
Energy Department, Government of Orissa  
Tel.: 0674 – 2536960, Fax: 0674 – 2393175

IN WITNESS WHEREOF the parties hereto have set their  
hands to this MOU on this 7<sup>th</sup> day of February, 2009.

### SIGNED BY:

the Officer acting in the  
premises for and on behalf  
of Government of Orissa

For Jindal Steel & Power Ltd.  
*Iman K. Ch*  
Cy. Managing Director

Signed by the officer for and  
on behalf of JSPL

*[Signature]*  
7/02/09  
Commissioner-cum-Secretary,  
Department of Energy  
Commissioner Cum Secty  
Deptt of Energy

### Witnesses :-

(a) Name..... *[Signature]*  
09/02/09  
(B. MOHAPATRA)  
Address. Addl. Secy. to Govt.  
Deptt. of Energy.

(a) Name..... *[Signature]*  
(Sarat Chandra Naik)  
Address. Deputy Secretary to Govt.  
Department of Energy

### Witnesses:-

(a) Name..... *RATESH JHA* *[Signature]*  
Address. E.D. JSPL, Angul.

(a) Name..... *SANTIN KOTHARI* *[Signature]*  
Address. G.M. JSPL, Bhubaneswar.

**JINDAL STEEL & POWER LIMITED**

Plot No. 751, Simlipada, Angul - 759 122 (Orissa)  
Phone : 91 - 6761-254153  
Fax : 91 - 6761-254141  
Email : [rajeahjha@angul.jspl.com](mailto:rajeahjha@angul.jspl.com)  
Website : [jindalsteelpower.com](http://jindalsteelpower.com)

JSPL-Angul/Proj/Monitoring/

9th Oct' 08

**Industrial Promotion & Investment Corpn  
of Orissa Limited [IPICOL]**

IPICOL House, Janpath  
BHUBANESWAR - 751 022

Ph: 2542601 - 03, 2542605 - 08; Fax: 0674 - 2543766  
Email: [ipicol@sancharnet.in](mailto:ipicol@sancharnet.in)

**Kind Attn: Mr. R.P. Panda - GM**

**Sub - JSPL Angul - 6 MTPA Steel Project - Ancillary industries for our 6 MTPA Integrated Steel Plant**

Dear Sir,

A 6 MTPA steel plant requires number of downstream processing units to make the product marketable and this also generates revenues as well as employment in the project surrounding area. All the proposed downstream facilities and intermediate products handling facilities are outlined below

Sl. No.	Industrial Unit	Land reqd. per unit (in acres)	No. of Units	Total Land reqd. (in acres)
1.	CRM Mill, Hot Galvanizing Unit	30	2-4	170
2.	Cut To Length, Beam Welding, Electric Arce etc.	10	10	100
3.	By-product recovery Units using Phenolic pitch, Gasification oil, Rectisol naphtha, Elemental sulphur, Liquor ammonia, Depitched phenols as major raw materials.	225	Multiple	125
4.	Portland Cement	50	2	100
5.	Pre-fabricated Concrete - products and Flyash Bricks	10	1	10
3.	Sulphuric Acid, Ammonium Sulphate, Ammonium Nitrate, etc	25	2	50
7.	Induction Furnace (ingots & Continuous) industries	25	Multiple	25
	<b>Total Industrial Land Area</b>	-	-	<b>580</b>
	Additional land for roads, open areas & amenities	-	-	<b>170</b>
	<b>Total Land Area for the Estate</b>	-	-	<b>750</b>

*R. Panda*  
13/10/08  
IPICOL

*[Signature]*



## **JINDAL** STEEL & POWER LIMITED

Plot No. 751, Similipada, Angul - 759 122 (Orissa)

Post Bag No. - 1

Phone : 91 - 6764-234483

Fax : 91 - 6764-232374

Email : [rajeshjha65@gmail.com](mailto:rajeshjha65@gmail.com)

Website : [jindalsteelpower.com](http://jindalsteelpower.com)

It will not be possible to think of commissioning and operation of this plant till the downstream facilities and by-product/intermediate products handling facility also becomes operative

It is extremely important that 700 Acres be allotted for the purpose which will not only generate employment to the tune of 8000 but also ensure complete solid waste management, proper disposal of by-products, intermediate products and making the HR coil and plates reach customer as per their requirement and expectation.

This support from IPICOL will go a long way in making this 6 MTPA steel plant viable, environmental friendly and help in economically empowering the local community.

Regards,

(For JINDAL STEEL & POWER LIMITED)

**Rajesh Jha**  
Executive Director