

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) is made on this 7th 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

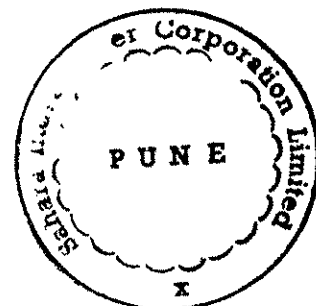
M/s. Sahara India Power Corporation Ltd. Company registered under the Companies Act 1956 having its Registered Office at **Aamby Valley City, PO. Ambavane, Taluka Mulshi, Dist. Pune-410401, Maharastra** Independent Power Producer (hereinafter referred to as "**SIPCL**") which expression shall, unless repugnant to the context or meaning thereof, include its permitted assignees) of the other part.

WHEREAS **SIPCL** is proposing to set up a Thermal Power Plant of **1320 MW** at Turla, Bolangir in the State of Orissa with an estimated investment of about **Rs 5604.00 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 5604.00 crores** is necessary;


Commissioner Cum Secty
Dept of Energy





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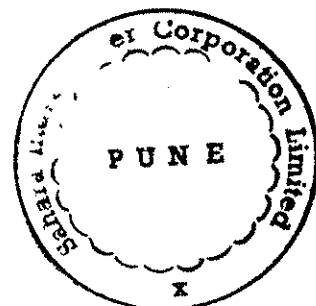
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Sl. No.	Project	Capacity in MW	Project Cost (Rs. Crores)	Time Schedule for Commissioning of the Project from the date of signing of MOU
1		1320	5604	60 Months

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.

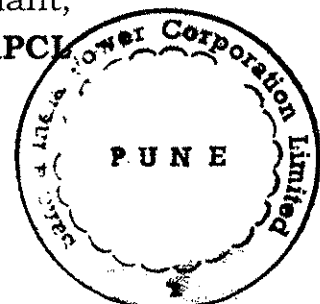
(iii) **SIPCL** will have the right to sell the balance power from the Thermal Power Plant(s) to any party outside or inside the State of Orissa subject to applicable laws and regulations, for which **SIPCL** may enter into contractual arrangement(s) with such buyer(s), the terms of which would be mutually agreed between **SIPCL** 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, **SIPCL** 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 **APCL** towards the Environment Management Fund.


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

(vi) **SIPCL** 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 **SIPCL** in the matters of the transmission facility for evacuation of power from the Thermal Power Plant. In case **SIPCL** 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 **SIPCL**.

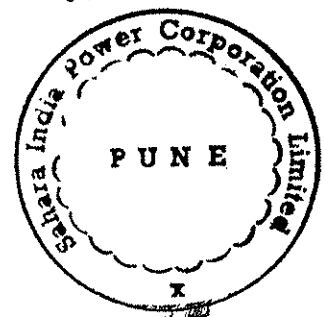
2. This MOU affirms the commitment of **SIPCL** to establish a Thermal Power Plant and assistance of the Government for providing land and recommending for captive coal mines or for coal linkages and acquiring major clearances/ approvals including rights of way and other project inputs like water etc.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

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

4. Within three months of signing of this MOU, **SIPCL** 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.


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5. The areas of assistance and co-operation between the Government and **SIPCL** are listed below:


A. Land:

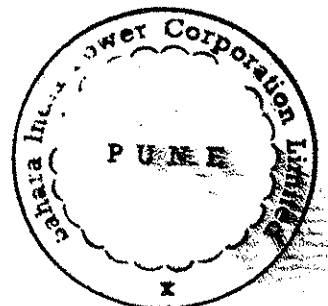
(i) **SIPCL** will require land for the purpose of setting up the Thermal Power Plant and associated facilities (colony, coal transportation system, water transportation system, power evacuation system, ash disposal and other infrastructural facilities) which should be subject to assessment by competent authority and availability.

(ii) **SIPCL** 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 **SIPCL** through Orissa Industrial Infrastructure Development Corporation (IDCO) for the project and allied facilities.

(iv) **SIPCL** 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 **SIPCL** in the same manner as if the project has been implemented. All incidental charges paid by the **SIPCL** for such land acquisition paid to various authorities will stand forfeited.


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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 **SIPCL** 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 **SIPCL** 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 **SIPCL** in accordance with the provisions of the applicable Law and Rules.

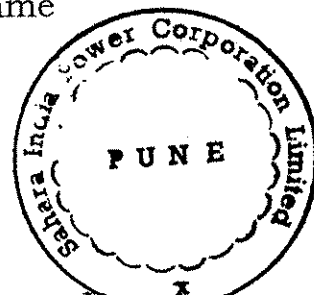
(ii) IDCO will be directed by the Government to acquire land for head works and control mechanism and other related facilities and to make available land on long term lease to **SIPCL** for construction and operation of head works and control mechanism. The continuance of the lease agreement will be subject to the condition that **SIPCL** 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 **SIPCL**, will be guaranteed by **SIPCL** through issue of suitable bank guarantee to be renewed before two months of expiry of every such period as a continuing arrangement.

(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 **SIPCL** 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 **SIPCL** 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 **SIPCL** by IDCO through suitable long term commercial arrangements. The arrangements for the same


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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 Tel 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 by Water Resources Department.

(viii) Water requirements should be subject to assessment by the competent authority and availability. The Company will have to abide by the conditions imposed by Water Resources Department with regard to water storage for lean season and participation in construction of water storage structures in Tel river system.

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 **SIPCL** 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. **SIPCL** 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 Population Control Board.

(ii) **SIPCL** 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 **SIPCL** in this.

F. Statutory permits / clearances:

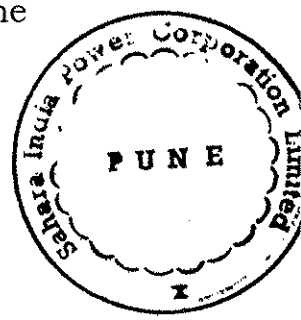
Government agree to assist **SIPCL** in obtaining all clearances/ permits / approvals from the Central Government, State Government departments or agencies, Regulatory Commissions and Local Bodies (Municipal, Panchayat, etc.).

G. Law & Order:

The Government and its concerned Departments or agencies will facilitate and assist **SIPCL** 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:

SIPCL 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.




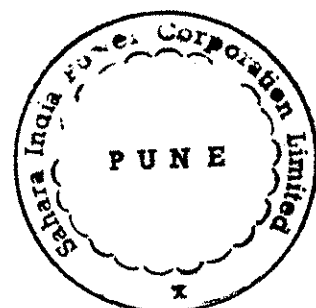
I. General Clauses:

- (i) The **SIPCL** shall submit Board Resolution(s) approving the debt and equity proposed for the project to be set up in Orissa.
- (ii) The **SIPCL** is a responsible corporate house with a high involvement in employee's welfare and social development. The Government, therefore, understand that **SIPCL** will bring this philosophy to the Power Plant being set up in Bolangir 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 **SIPCL** agrees to comply with policies of the State Government in this regard.

Employment to local people may be provided by the **SIPCL** 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.


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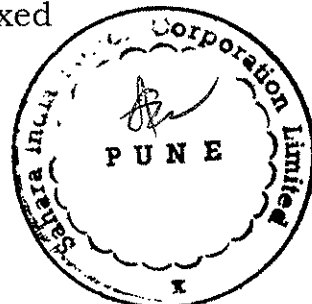
The **SIPCL** shall be required to abide by the following:-

- (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 **SIPCL** shall be reviewed by the Collector in every quarter.
- (3) For the purpose of employment of locals in **SIPCL** "Locals" means all the project displaced and affected people on preference followed by the people domiciled in the State of Orissa.

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



(iv) The Government appreciate that **SIPCL** 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) **SIPCL** 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 **SIPCL** in this regard. However, no such extension shall be considered unless **SIPCL** has made substantial progress on implementation of the project in terms of the project development activities covering land acquisition, statutory approvals of 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) **SIPCL** 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 **SIPCL** 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.

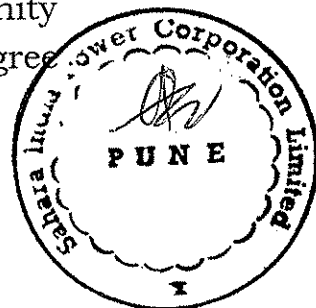
(xi) It shall be obligatory for **SIPCL** to furnish information required by the Government relevant to planning, formulation, lay out, financing and implementation of the Project as well as the financial and management status and performance of the promoters to the Government or to its nominated agency as and when so required as expeditiously as possible.

(xii) To promote the ancillary and downstream industries within the state, **SIPCL** 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, **SIPCL** 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) **SIPCL** 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 **SIPCL** does hereby agree

Commissioner Cum Secty
Deptt of Energy



to support the efforts of the Government as referred to clause 1(v).

J. Address for Communication


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

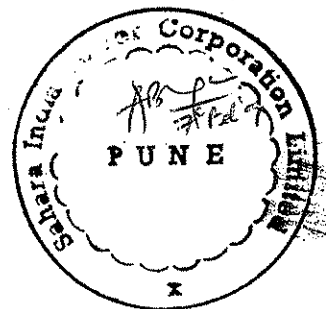
IN WITNESS WHEREOF the parties hereto have set their hands to this MOU on this 7th day of February, 2009.

SIGNED BY:

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

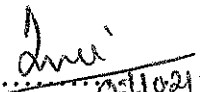
**Signed by the officer for and
on behalf of SIPCL**

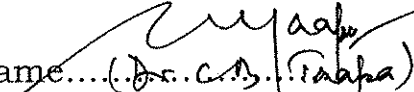

Commissioner-cum-Secretary,
Department of Energy
Commissioner Cum Secty
Deptt. of Energy

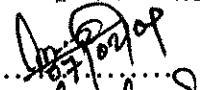


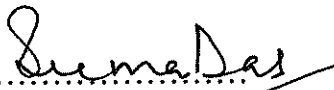
Witnesses :-

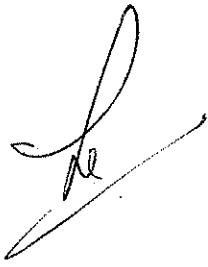
Witnesses:-

(a) Name..... 
Address..... Addl. Secy. to Govt.
Deptt. of Energy.

(a) Name..... 
Address..... Sahara India

(a) Name..... 
Address.....
Deputy Secretary to Govt.
Department of Energy

(a) Name..... 
Address... Sahara India.



SAHARA INDIA POWER CORPORATION LIMITED

HEAD OFFICE : Sahara India Centre, 5th Floor, 2, Kapoorthala Complex, Aliganj, Lucknow - 226024 [UP]
Phone No. 0522-2333886, 2332018, 2331408, **Fax** 0522-2333886 / 2330135, **E-mail:** advisorycell@sahara.co.in

29th January, 2009
Camp: Bhubaneswar

Shri Ashok Meena, IAS,
Managing Director
Industrial Promotion and Investment Corporation of Orissa Limited
(A Government of Orissa Undertaking)
IPICOL House,
Janpath,
Bhubaneswar-751022
ORISSA

Dear Sir,

Sub: Our Proposal to Set up a 1320MW Power Plant in Tusra Tehsil in Balangir District of Orissa

We take this opportunity of thanking you for your kind support in getting our case approved in the HLCA for signing of the MOU enabling us to proceed with the project.

In this connection we wish to advice progress on other areas that we have earlier submitted/ discussed:

1. Sahara India Power Corporation Limited have proposed in the State of Orissa Renewable Energy Projects to **OREDA** –

- a. **5 MW Solar Power Project:** Sahara India Power Corporation Limited has already received an **in-principle approval from OREDA**, a copy **enclosed** for your kind perusal. We have tied up for technology with **Solar Integrated Technologies Inc, California, USA**, who are an over 60 year old company and a renowned pioneer in commercial/ industrial solar applications world wide.

A team from Solar Integrated has recently visited Bhubaneswar in Dec 08 and has met with OREDA and seen possible locations nearby. They are in the process of finalizing DPR for the project that will be available within next couple of months.

We hope to proceed with the implementation of project immediately after the DPR is in hand and hope to commission it in year 2009

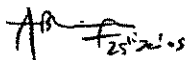
- b. **25 MW Wind Energy Project:** The discussions with wind turbine vendors are on for establishing the wind regime in Orissa following which the 25 MW Wind Energy Project will be set up in appropriately located site/sites. The Vendors have already set up wind masts in 7/8 locations and hope to have some positive data available in next 6 to 9 months that will enable us to proceed with the project.
2. **China Guodian's** sister companies and associated EPC contractors are already working on several power projects in India and they are **evaluating options for setting up support facilities (Manufacturing / Service Centres) in Orissa**. The Chinese companies are presently closed for Chinese New Year and Spring festival and therefore we will be able to respond only after discussions with them in **April 2009**. A team of both the companies shall visit Bhubaneswar in March end / April '09

We trust you would find foregoing in order and hope that these areas will receive your continued support as always.

Thanking you once again,

Yours truly,
for Sahara India Power Corporation Limited

Encl: a/ a



Ashok K. Bhargava
Chief Advisor & Head - Power Projects

Copy to:

- **Shri Surya Narayan Patro,**
Hon'ble Minister for Energy & IT, Government of Orissa
- **Shri Ajit Kumar Tripathy, IAS**
Chief Secretary and Chief Development Commissioner, Government of Orissa
- **Shri Tarun Kanti Mishra, IAS**
Development Commissioner & Additional Chief Secretary, Government of Orissa
- **Shri Bijay Kumar Patnaik, IAS**
Principal Secretary to Chief Minister, Government of Orissa
- **Shri Saurabh Garg, IAS**
Commissioner-cum- Secretary, Industry Deptt., Government of Orissa
- **Shri Suresh Chandra Mahapatra, IAS**
Commissioner-cum- Secretary, Department of Water Resources, Government of Orissa
- **Shri Pradeep Kumar Jena, IAS**
Commissioner-cum-Secretary, Department of Energy
- **Shri Vishal Dev, IAS**
Managing Director, IDCO, Bhubaneswar, Orissa.



ORISSA RENEWABLE ENERGY DEVELOPMENT AGENCY
S/59, MANCHESWAR INDUSTRIAL ESTATE
BHUBANESWAR-751010, ORISSA
 Website : www.oredaorissa.com E-mail : ceoreda@oredaorissa.com

L.No 4012 /OREDA
PD-57/08

From

Dated.19/11/2008

Ajit Bharthuar, IFS
 Chief Executive

To

Chief Advisor & Head-Power Project(S)
 M/s Sahara India Power Corporation Limited,
 Sahara India Center, 5th Floor,
 2, Kapoorthala Complex,
 Aliganj, Lucknow-226024
 Fax: 0522-2333886/2330135

Sub: Issue of 'In-principle Clearance' for setting up of 5 MWp SPV Power Plant in Orissa.

Dear Sir,

This has reference to your Pre Feasibility Report Submitted vide your letter dt. 19.11.2008 for setting up of 5 MW Grid connected SPV Power Plant in Orissa. We are pleased to issue 'In-principle Clearance' for the proposed Solar Park project with the following terms and conditions.

1. Validity of this 'In-principle Clearance' will remain for six months from the date of issue of this letter.
2. During this period the Developer shall submit the details of land acquisitioned by them for setting up of the Solar Park. A map indicating the location of the project site, nearest sub-station where power intended to be evacuated must be provided.
3. The Developer shall submit 5 copies of the Detailed Project Report prepared by reputed consultants within 3 months of issuance of this in-principle clearance along with the Solvency Certificate.
4. The Developer shall furnish a written commitment to abide by the tariff order likely to be declared by Orissa Electricity Regulatory Commission (OERC) for implementing this project in Orissa.
5. The Project execution schedule shall be submitted by the Developer along with the DPR in the form of bar chart indicating various activities from procurement of equipment to commissioning of the plant.
6. Details of actual solar insolation available at the selected site and all necessary power calculations to establish the viability of the site for establishment of the solar park should be provided in the DPR.
7. The Developer is required to submit an application to GRIDCO/ DISTCOs for the purpose of PPA. The correspondence made in this regard should be marked to OREDA for information.
8. The Developer is required to take necessary initiative for filing affidavit before OERC for early declaration of tariff structure for the SPV Power Plant.
9. The Developer shall keep OREDA informed about the progress made on project on weekly basis. The time limit as given under condition (1) could be extended for a similar period provided the Developer deposits Rs 15,000/- as extension charges with proper justification.
10. The Developer should apply at least 15 days in advance for such extension failing which the clearance will be treated as cancelled without giving any notice thereof.
11. The 'In-principle Clearance' issued to the Developer is not transferable.
12. The Developer shall agree to abide by any other conditions imposed by OREDA during project implementation period.

11/19/2008 5:17 PM

13. No work at the site shall be taken up unless & until final clearance is obtained from OREDA.

It may kindly be noted that this is an 'In-principle Clearance' issued to the project to facilitate preparation of Detailed Project Report. The final clearance will be issued only after getting approval of State Technical Committee (STC).

Thanking you.

Yours faithfully,

Ant Blathuan

Chief Executive

Memo No.4013/OREDA

Dated:19/11/2008

Copy forwarded to the Commissioner-cum- Secretary to Govt., Science & Technology Department, Govt. of Orissa, Bhubaneswar for kind information.

Ant Blathuan

Chief Executive

Memo No.4014/OREDA

Dated:19/11/2008

Copy forwarded to the Commissioner-cum- Secretary to Govt., Energy Department, Govt. of Orissa, Bhubaneswar for kind information.

Ant Blathuan

Chief Executive

Memo No.4015/OREDA

Dated:19/11/2008

Copy forwarded to the Managing Director, IPICOL, IPICOL House, Rupali Square, Bhubaneswar for kind information.

Ant Blathuan

Chief Executive

Memo No.4016/OREDA

Dated:19/11/2008

Copy forwarded to the Chairman -cum- Managing Director, GRIDCO, Bhubaneswar for kind information.

Ant Blathuan

Chief Executive