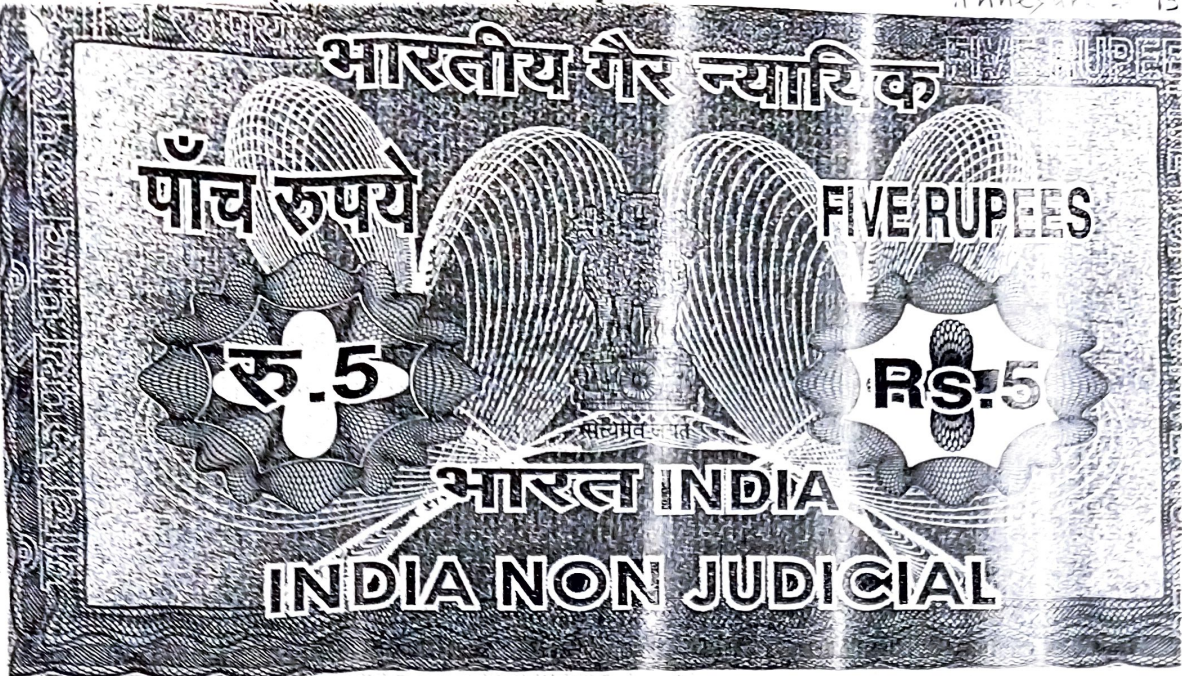




हिमाचल प्रदेश HIMACHAL PRADESH

03AA 117030

MEMORANDUM OF UNDERSTANDING BETWEEN HIMACHAL PRADESH POWER CORPORATION LIMITED AND HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED FOR EVACUATION OF POWER FROM 243 MW INTEGRATED KASHANG HYDRO ELECTRIC PROJECT INTO STATE GRID.

This memorandum of understanding (MOU) entered on this 6TH day of APRIL in the year Two Thousand and Nine between the Himachal Pradesh Power Corporation Limited (HPPCL), a Company incorporated under the provisions of Companies Act, 1956 having its Corporate Office at Himfed Bhawan (below old MLA Quarters), Bye Pass Road, Panjri, Shimla-171005 (hereinafter referred to as the "First Party") through its Managing Director Sh. Tarun Kapoor duly authorized by the First Party by its resolution No. 13.10 dated 01.12.2008, which expression unless repugnant to the context or meaning thereof, shall include his successors in office of the FIRST PART;

AND

Himachal Pradesh Power Transmission Corporation Limited (HPPTCL), a Company incorporated under the provisions of Companies Act, 1956 having

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Dy. General Manager
HPPTCL, Himachal Pradesh
Panjri, Shimla-171005

its Corporate Office at Barowalia House, Khalini, Shimla-171002 (*hereinafter referred to as the "Second Party"*), through its Managing Director Sh. J.C.Sharma, duly authorized by the Second Party by its resolution No. 1.3 dated 16.09.2008, which expression shall, unless repugnant to the context or meaning thereof, include his successors in office of the OTHER PART.

WHEREAS the First Party is constructing Integrated Kashang Hydro Electric Project (243 MW) in District Kinnaur of Himachal Pradesh; and

WHEREAS the Second Party is to construct 220 kV Kashang-Bhaba double circuit transmission line for evacuation of power from Integrated Kashang into the State Grid; and

WHEREAS the First Party is desirous of expediting construction and completion of 220 kV Kashang-Bhaba double circuit transmission line for evacuation of power from Integrated Kashang HEP by the Second Party;

WHEREAS the following expenditure has already been made upto Mar., 2009 on the construction of 220 kV double circuit transmission line from Kashang to Bhaba to evacuate power from Kashang HEP.

a) Expenditure made by HRSEB	Rs. 6567.74 Lac.
b) Expenditure made by Kinner Kailash Power Corporation Limited (KKPCL)	Rs. 60.88 Lac.
c) Expenditure made by HPPCL	Rs. 292.78 Lac.
TOTAL	Rs. 6921.40 Lac.

WHEREAS the First Party and the Second Party have held discussions and reached an understanding for extending financial assistance by way of loan by the First Party to the Second Party to the maximum extent of Rs 7.5 crore (including the amount already given by HPPCL i.e. Rs. 292.78 Lac) for expeditious construction of 220 kV Kashang-Bhaba double circuit power evacuation line and are desirous of reducing in writing the terms and conditions of the said understanding;

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Dy. General Manager (C&M)
HPPCL, Himad Bhawan,
Panjari, Shimla-171 003 (H.P.)

NOW THIS MEMORANDUM OF UNDERSTANDING BETWEEN THE PARTIES HAVE BEEN ARRIVED AT AND WITNESSETH AS FOLLOWS:-

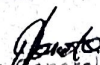
1. The 220 kV Kashang-Bhaba double circuit transmission line including terminal equipments constructed at the total cost of expenditure i.e. Rs.6921.40 Lac be handed over to the Second Party by its predecessor Himachal Pradesh State Electricity Board (HPSEB) for completion and thereafter for running and maintenance of the said transmission line.
2. The 220 kV Kashang-Bhaba double circuit transmission line shall be treated as State Transmission Utility / HPPTCL transmission line and not as a dedicated project power evacuation line being developed as project related evacuation system; and the grid connectivity for Integrated Kashang Hydro-Electric Project would be at Kashang stage-I pothead yard.
- ✓ 3. The expenditure already incurred by the predecessor of the Second Party on this transmission line or any funds arranged by way of loan etc. shall be the liability of Second Party only.
4. The First Party shall provide to the Second Party on demand requisite loan assistance for the construction and completion of 220 kV double circuit Kashang-Bhaba transmission line till such time Second Party arranges its own funds.
5. The Second Party shall pay interest @ 10% per annum compounded bi-annually along with taxes on loan at the prevailing rates to the First Party on the amount of loan. The interest shall be payable from the date of payment / date of issue of cheque by the First Party. This will also apply to the amount already paid by HPPCL. Notwithstanding anything stated herein above, the First Party shall be at liberty and have the right to enhance the rate of interest on the loan amount or part thereof yet to be disbursed by giving prior written notice to the Second Party of such

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enhancement. The revised rate(s) shall be effective from such date as may be specified by the First Party in this behalf.

6. The Second Party shall repay the loan to the First party in 20 (twenty) quarterly instalments on 15th day of April, 15th day of July, 15th day of October and 15th day of January every year. The repayment of such principal loan will start from 15.10.2009. The Second Party shall also pay interest, taxes and other miscellaneous expenses accrued on loan along with Principal Loan on the date(s) specified as above.
7. In case of default in the repayment of loan, interest, taxes and other miscellaneous charges on due date(s) indicated in the foregoing clauses, the Second Party shall pay / agrees to pay additional interest @ 2.75% per annum on the defaulted amount for the period of default to First Party over and above the rate of interest mentioned in para-5 ante which shall be compounded on quarterly basis.
8. In the event of default in repayment of loan by the Second Party to the First Party, First Party shall have right to adjust such amount of default repayments from transmission charges payable by First Party to Second party on account of wheeling/ transmission of power.
9. The First Party shall pay the wheeling / transmission charges to the Second Party for the evacuation of power of Integrated Kashang HEP through 220 kV Kashang- Bhaba double circuit transmission line. The wheeling charges shall be calculated as per the provisions/regulations notified by Himachal Pradesh Electricity Regulatory Commission (HPERC) and it would be mandatory for the Second Party to get the wheeling charges approved from HPERC. However, in case any other project(s)/developer(s) use the said transmission line for evacuation of their power in the state/regional grid, the wheeling

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Dy. General Manager (C&M)
HPPTCL, Bhatnagar Bhawan,
Panjari, Shimla-171 005 (H.P.)

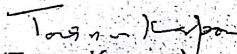
charges shall be shared proportionality between the developer(s) of new project(s) and the First Party provided the first right shall always be of the First Party. A transmission agreement between the First Party and Second party shall be signed separately for wheeling of power of Integrated Kashang HEP into the State grid through said transmission system.

10. Any difference and / or disputes arising at any time between the parties out of this MOU or interpretation thereof shall be endeavored to be resolved by the parties hereto by mutual negotiations, failing which the matter shall be referred to the Arbitrator to be appointed as per the provisions of the Arbitration and Conciliation Act, 1996. However, all disputes shall be settled within the Jurisdiction of Courts at Shimla, Himachal Pradesh.

IN WITNESS WHEREOF the parties hereto have set their hands unto this on the day, month and year first above written in the presence of:

For and on behalf of

Himachal Pradesh Power
Corporation Ltd. (HPPCL)

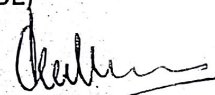

(Tarun Kapoor)
Managing Director

Witnessed by:

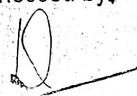
1. 
(C.M. WALIA)
DIRECTOR (Elect.)
HPPCL.

For and on behalf of

Himachal Pradesh Power
Transmission Corporation
Ltd. (HPTCL)


(Jagdish Chand Sharma)
Managing Director

Witnessed by:

1. 
(H.S. Boshita)
GM, HPPTCL

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Dy. General Manager (Genl)
HPPCL, Himed Bhawan,
Parjati, Shimla-171 005 (H.P.)