

POWER PURCHASE AGREEMENT

THIS AGREEMENT IS ENTERED INTO ON THIS, THE 01st DAY OF THE MONTH OF Aug' 2002 OF THE YEAR TWO THOUSAND TWO BY AND BETWEEN

The CHHATTISGARH STATE ELECTRICITY BOARD (hereinafter referred to as CSEB), is a State Electricity Board constituted in accordance with the provisions of Section 5 of the Electricity (Supply) Act, 1948, having its Head Office at P.O. Sundemagar, Dangania, Raipur Pin Code 492 013, which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators and assigns, as the Party of FIRST PART; and

M/s. Jindal Steel & Power Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at Delhi Road, Hisar-125 005, Haryana, hereinafter referred to as "the Company" which expression shall, where the context so admits, include its successors in business, administrators and assigns, as the Party of SECOND PART;

AND WHEREAS

The company has set up its own captive power plant at Raigarh in Chhattisgarh State. They have offered vide their letter dated 20.10.2001 to sell their power to GEB through CSEB under the provisions of the Energy policy of the State Govt. of Chhattisgarh.

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AND WHEREAS

Gujarat Electricity Board (GEB) has approached the CSEB to purchase 100 MW power from it on a long term basis for a period of 10 years.

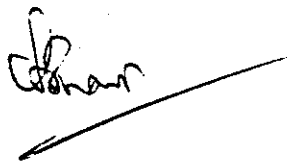
AND WHEREAS

The company has offered to sell Energy to CSEB, equivalent to 70 MW Contracted Capacity on a long term basis as provided in this AGREEMENT.

AND WHEREAS

The CSEB is willing to purchase the above quantity for above period as per the terms and conditions provided under this AGREEMENT.

NOW THEREFORE IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS.







ARTICLE 1 DEFINITIONS

The words/expressions used in this AGREEMENT, unless repugnant to the context, shall have the same meaning as assigned to them under the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948, (as amended from time to time) and the rules framed thereunder. The words/expressions mentioned below shall have the meanings, respectively, as assigned hereunder:

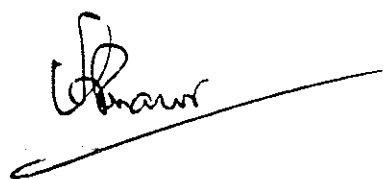
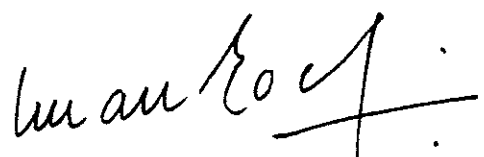
Word(s)/Expression(s)	Meaning assigned
Contracted Capacity	shall mean 70 MW Capacity to be made available Ex-Interconnection point at company's switchyard.
Dispute	shall mean any material dispute or material difference of any kind between CSEB and the Company in connection with, or arising out of this AGREEMENT
Due Date	shall mean the date on which the payment shall become due as per the provision of this AGREEMENT.
Energy	shall mean the Energy delivered at Raigarh bus to CSEB.
Force Majeure	shall mean the events or circumstances hindering the performance of any Party as specified in this AGREEMENT.
Company	Shall mean M/s. Jindal Steel & Power Ltd.
CSEB	shall mean the Chattisgarh State Electricity Board
G.E.B.	Shall mean the Gujarat Electricity Board
Invoice	shall mean either a Monthly Tariff Invoice, a Supplementary Invoice or a CSEB Invoice
Start Date	Shall mean the actual date of commencement of power supply by Company to CSEB under this AGREEMENT.
Tariff	shall mean the basis of calculating the Monthly Tariff payments as provided under Article-4.
Term	shall mean the term of this AGREEMENT set out in Article 2
Year & Month	Year shall mean the Calendar year & month shall mean Calendar month

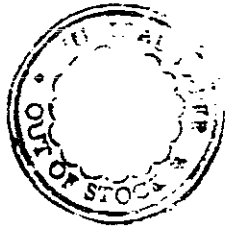


INTERPRETATION

In this AGREEMENT:

- a. "In agreed terms," means terms agreed between CSEB and M/s. Jindal Steel & Power Ltd.
- b. any reference to or any Section of, or schedule to, or other provision of an Act of Parliament shall be construed, at a particular time, as including a reference to any modification, extension or re-enactment thereof then in force and to all instruments, orders or regulations then in force and references to the laws of India or Indian law including the laws of any State forming part of the Union of India;
- c. the singular shall include plural and vice versa, and words denoting neutral persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other legal entities;
- d. the headings are inserted for convenience and are to be ignored for the purposes of construction;
- e. the words "include" and "including" are to be construed without limitation;



ARTICLE -2 TERM

2.1 START DATE


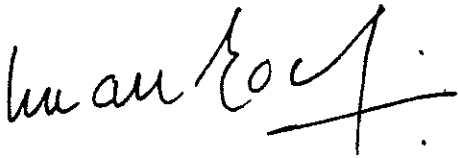
The supply of Energy under this AGREEMENT has commenced since 25th October, 2001.

2.2 TERM

This AGREEMENT shall remain operative upto the end of the Calendar Month in which the 10th anniversary of the Start Date shall fall. It shall be binding on the Parties to perform their respective obligations assumed under this AGREEMENT during its Term.

2.3 TERMINATION

Subject to provisions under Article-7, this AGREEMENT, shall be terminated at the end of the Term hereof or on termination of agreement dated 28th March, 2002 subsisting between CSEB and GEB for purchase of power by GEB.


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ARTICLE-3 ENERGY ACCOUNTING

3.1 CONTRACTED CAPACITY


- 3.1.1 The Company shall be obliged to deliver and CSEB shall be obliged to receive Energy equivalent to 70 MW.
- 3.1.2 The supply of 70 MW power by Company shall be accepted by CSEB, so long same is accepted by GEB. Further, company shall be required to back down its supply as per directives of CSEB, which shall be issued looking to system conditions and at no point of time more than 70 MW power shall be accepted.

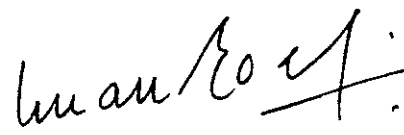
3.2 DELIVERY POINT

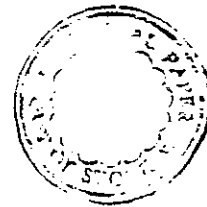
The company shall sell and deliver the Energy to CSEB through 132/220 KV line at interconnection point to be metered at Company's switchyard at Raigarh.

3.3 ENERGY ACCOUNTING

Out of the total units supplied corresponding to capacity of 100 MW (including 70 MW contracted capacity under this Agreement together with contracted capacity of 30 MW as per agreement dated 15.07.99) first the units corresponding to the contracted capacity of 30 MW and wheeling of power as per earlier agreement dt. 15.7.99, subsisting between Madhya Pradesh Electricity Board and company will be accounted for and thereafter, the balance units will be accounted for against the contracted capacity of 70 MW under the present agreement. On termination of agreement dt. 15.7.99 for 30 MW contracted capacity, units supplied corresponding to 70 MW shall only be accounted for, for the purpose of payment under this agreement.







ARTICLE-4 TARIFF

4.1 TARIFF

4.1.1 The Energy to be sold by Company for the Contracted Capacity under this AGREEMENT to CSEB shall be charged at Rs.2.30/KWh ex interconnection point at Company's switchyard.

4.1.2 This Tariff shall remain firm for the Term of this AGREEMENT subject to variations in clause 4.1.2.1. and 4.1.2.2., which are the base rate of Royalty and included in rate of Rs. 2.30 per KWh.

4.1.2.1 Variations in Royalty on coal & ED for sale of Energy:

The variation in respect of clause 4.1.2 shall be based on the differential Cost of Royalty and the Electricity Duty, the basis of which is recognized as under:

ROYALTY:

ITEM	ROYALTY RS/TONNE
F and G Grade Coal	50
Local area development charge	2.50
Stowing Excise Duty	3.50
Total	56.00

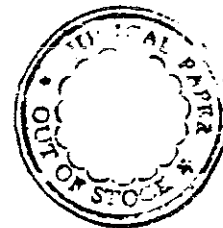
The consumption of coal for the purpose of payment of royalty shall be worked out considering specific coal consumption @ 0.8 Kg per unit for entire currency period of agreement.

ELECTRICITY DUTY:

The applicable rate of Electricity Duty on the sale of energy as on Start Date is 2 Paise/ KWH and included in tariff of Rs. 2.30 per KWh.

Any variation in the above rates shall be extra and payable by CSEB.

Abhinav Kumar Goel



4.1.2.2 Variations due to other levies:

No other levies/taxes/duties/cess etc. are levied on the generation, transmission and sale of Energy as on date of this Agreement. Any new imposition affecting cost of sale of power during the Term of this AGREEMENT shall be admissible, the effect for the same shall be mutually discussed and decided.

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ARTICLE-5 INVOICE & PAYMENT

5.1.1 INVOICING

The Company shall raise Invoices for the Energy supplied at the end of every month as per the Tariff applicable under this AGREEMENT, as per accounting procedure given in clause 3.3 above.

5.2 DUE DATE OF PAYMENT:

CSEB shall make the payment of the Invoice within 30 days directly through Account Payee's Cheque(s) subject to the condition that payment for energy sold to GEB under Agreement dated 28th March, 2002 which is enclosed as annexure to this agreement, finalized between CSEB & GEB is received and credited to the Accounts of CSEB.

5.2.1 CSEB shall not be liable for making any payment to the Company, if the payment for sale of power under agreement dated 28th March, 2002 is not received from GEB and credited to the account of CSEB.

5.3 REBATE

The Company shall allow a rebate of 2.0% for the payment within five working days after presentation of Invoice/Bills. No rebate shall be admissible for payments made after the five working days.

5.4 SURCHARGE

For payments not made within a period of 30 Days from the date of receipt of Invoice, company, subject to provisions under clause 5.2 and 5.5.1 shall be eligible to levy Surcharge at the rate of 1.25% per month on the amounts which are due and not paid for effective for 31st day of the date of Invoice.

In any case, the amount of payment shall be the net of amount payable by CSEB and that receivable from the Company (if any on account of power supplied by CSEB to company under any other agreement).

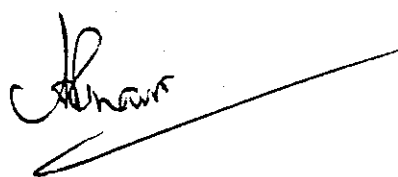


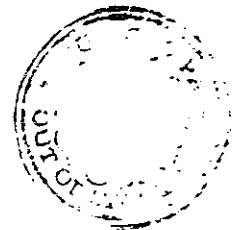
5.5 DISPUTES

5.5.1 Notwithstanding anything stated hereinabove 5.2.1, payment of 50% of the amount disputed shall be made forthwith. Balance amount shall be payable upon resolution of the dispute. However, after payable amount is determined, same shall be paid with 1.25% surcharge per month by either party, on the payable amount for the period starting from the original Due Date.

5.5.2 Upon occurrence of Dispute, both CSEB and Company will discuss to find resolution within a period of 15 (fifteen) days, which time can be extended with mutual consent.

5.5.3 Upon non- resolution of dispute as per Clause 5.5.2, the same shall be referred to the Arbitration as per the Law of the Land.

 *Manoj K. J.*



ARTICLE-6 FORCE MAJEURE

This AGREEMENT is subject to Force Majeure. Neither Party shall be entitled for claiming compensation for liquidated damages in the events and circumstances of force Majeure which shall include but not be limited to rebellion, mutinying, civil unrest, riot, strike, lock out, fire, explosion, flood, cyclone, lightning, earthquake, war, accidents or Act of God or other similar causes beyond the control of Parties rendering it incapable of fulfilling obligations under this Agreement.

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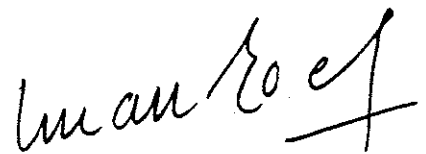

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ARTICLE -7 TERMINATION

7.1 This AGREEMENT SHALL BE SUBJECT TO Termination on account of the following:

- ❖ At the end of the Term
- ❖ On termination of power purchase agreement dated 28th March 2002 subsisting between CSEB & GEB for purchase of 100 MW power by GEB from CSEB.
- ❖ On account of default of performance or breach of this AGREEMENT by either Party including but not limited to failure to deliver Energy by the Company for a continuous period of sixty days in any Year or non-payment by CSEB for identical period. In both the events, however the Party affected shall deliver a written notice to the defaulting Party to cure its default within a period of 30 (thirty) days, failing which the Party affected may have the option to terminate the AGREEMENT.
- ❖ On account of persistence of Force Majeure eventuality for a continuous period of 150 Days in any Year.
- ❖ On account of non-approval of this AGREEMENT by Chhattisgarh State Electricity Regulatory Commission or any other competent Governments (instrumentality) or non availability of any statutory consent in this regards.

Neither Party shall owe any consequences to the other Party on account of Termination of the AGREEMENT.





ARTICLE -8 MISCELLANEOUS

8.1 AMENDMENT

Except as otherwise provided herein, this AGREEMENT may not be amended except by a signed agreement in writing between the Parties.

8.2 WAIVER

8.2.1 Waiver, either fully or partly, by either Party of any default by the other Party in the performance of any provisions of this AGREEMENT:

- (a) shall not operate or be construed as a waiver of any other or further default; or
- (b) shall not be effective unless it is in writing and executed by a duly authorized representative of the Party.



Neither the failure by either Party to insist on any occasion upon the performance of the terms, conditions and provisions of this AGREEMENT nor time or other indulgence granted by one Party to the other shall act as a waiver of such breach or acceptance of any variation or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect.

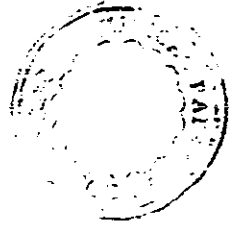
8.3 SURVIVAL

Cancellation, expiration or earlier Termination of this AGREEMENT shall not relieve the Parties of obligations that by their nature should survive such cancellation, expiration or Termination including warranties, remedies, promises of indemnity and confidentiality provided that all obligations surviving the cancellation, expiration or early Termination of this AGREEMENT shall only survive for a period of 3 years following the date of such Termination.

8.4 COUNTERPARTS

This AGREEMENT is executed in two counterparts and by each Party on a separate counterpart, each of which constitutes an original, but both counterparts shall together constitute but one and the same instrument.



8.5 SUCCESSORS AND ASSIGNS

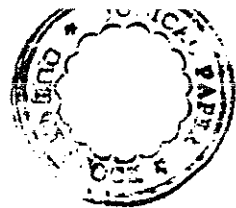
This AGREEMENT shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and permitted assigns.

8.6 Chhattisgarh State Electricity Regulatory Commission Approval.




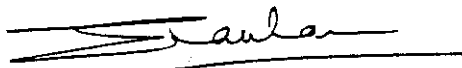
This Agreement shall be subject to the approval of Chhattisgarh State Electricity Regulatory Commission.

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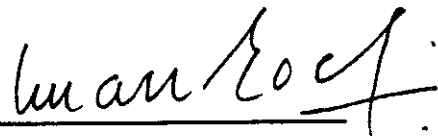
Manoj



IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date first above written.

<p>SIGNED, SEALED AND DELIVERED by</p> <p></p> <p>(ANAND GOEL) Director Jindal Steel & Power Ltd. Jindal Centre, 12, Bhikaji Cama Place, New Delhi-110 066. Tel: 011-6188345-80</p>	<p>SIGNED, SEALED AND DELIVERED by</p> <p></p> <p>(A.M.K. BHARGOS) Secretary Chhattisgarh State Electricity Board Dangania RAIPUR (CG)-492013 Telephone-244903(O)</p>
<p>WITNESS</p> <p></p> <p>(RAJEEV AGGARWAL) DGM (Finance) Jindal Steel & Power Ltd. Jindal Centre 12 Bhikaji Cama Place New Delhi-110066. Tel: 011-6188345-80</p>	<p>WITNESS</p> <p></p> <p>S. N. Chauhan Superintending Engineer O/o C. E. (Commercial) C. S. E. B. Raipur</p>

Common Seal affixed
in presence of



Common Seal of the
Company