

Power Purchase Agreement

For
Tariff Based Bidding Process for
Procurement of Power
on Long Term Basis

between

**MP POWER
TRADING COMPANY LIMITED**
("Procurer")

and

ESSAR POWER M.P. LIMITED
("Seller")

(As per Guidelines for Determination of Tariff by Bidding Process
for Procurement of Power by Distribution Licensee)

MP Power Trading Company Limited

Essar Power M.P. Limited

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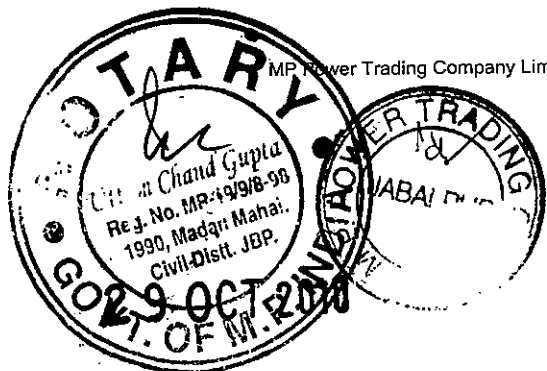


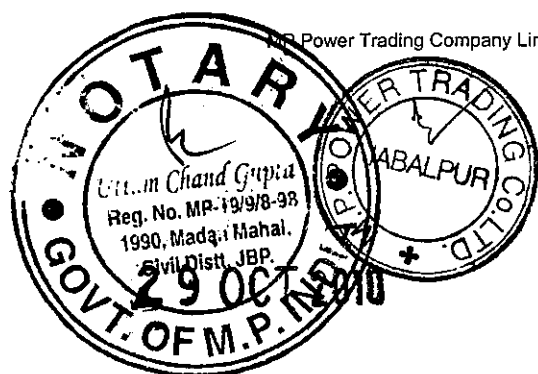
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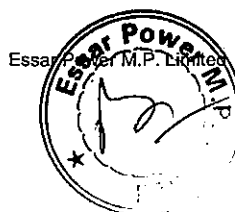
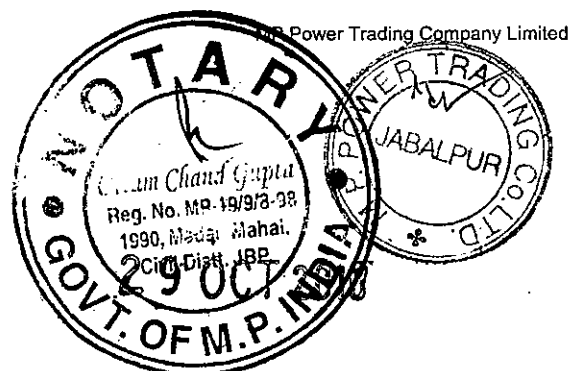
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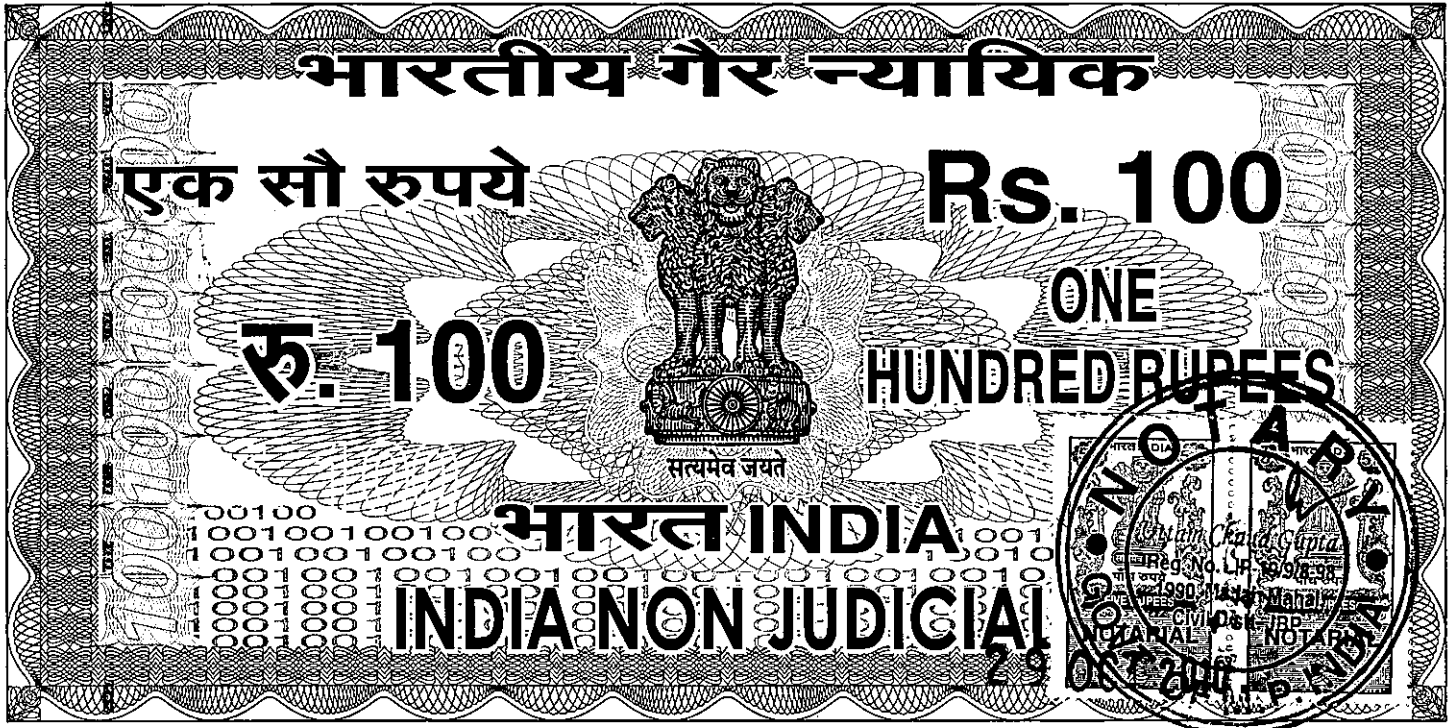
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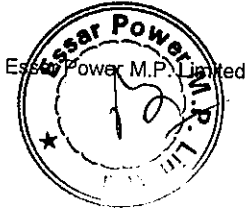
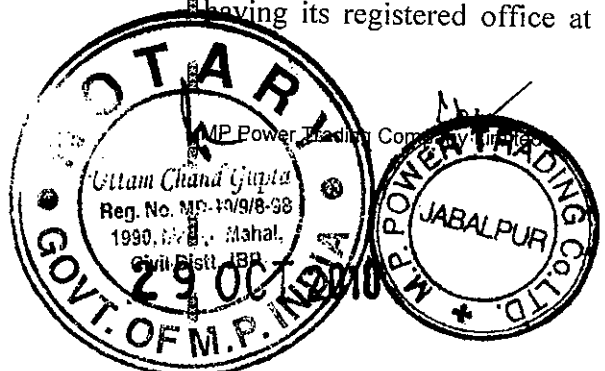
R 914645
S.No. 5841
29/10/10

This Power Purchase Agreement hereinafter referred to as the "Agreement" is entered into at Jabalpur on the 29th day of October 2010 by and between

MP Power Trading Company Limited, a Company incorporated under the Companies Act, 1956, having its registered office at Shakti Bhawan, Vidyut Nagar, Jabalpur - 482 008 (hereinafter referred to as the "Procurer", which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the first part;

and

Essar Power M.P. Limited, a Company incorporated under the Companies Act, 1956, having its registered office at Essar House, 11 Keshavarao Khadye Marg, Mahalaxmi,



Mumbai - 400 034 (hereinafter referred to as the "Seller", which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) as party of the second part.

Each of the "Procurer" and "Seller" are individually referred to as "Party" and collectively to as the "Parties".

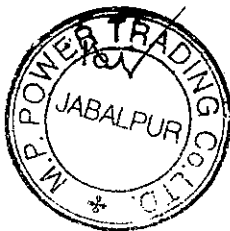
Whereas:

- A.** In accordance with the Competitive Bidding Guidelines (as defined hereunder), the Procurer had initiated a competitive bidding process on behalf of Madhya Pradesh Poorv Kshetra Vidyut Vitaran Company Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited and Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited through issue of RFQ and RFP for selecting a Successful Bidder for supplying Capacity upto 2000 MW at the Delivery Point (as defined hereunder).
- B.** Pursuant to the said Bidding Process, Essar Power M.P. Limited has been identified by the Procurer as the Selected Bidder to supply Contracted Capacity (as defined hereunder) of 150 MW and sale and supply of electricity in bulk therefrom its 2x600 MW Mahan Thermal Power Project in District Singrauli, Madhya Pradesh to the Procurer in accordance with the terms of this Agreement.

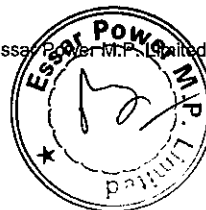
All the other RFP Project Documents have been executed by the Procurer and the Seller simultaneously with the signing of this Agreement.

Now therefore, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows:

MP Power Trading Company Limited



Essar Power M.P. Limited



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1 ARTICLE 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions

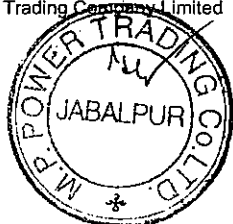
The terms used in this Agreement, unless as defined below or repugnant to the context, shall have the same meaning as assigned to them by the Electricity Act, 2003 and the rules or regulations framed there under (including those issued/framed by Appropriate Commission (as defined hereunder) as amended or re-enacted from time to time.

The following terms when used in this Agreement shall have the respective meanings, as specified below:

"Act" or "Electricity Act 2003"	Means the Electricity Act 2003 or any amendments made to the same or any succeeding enactment thereof;
"Agreed Form"	Means, in relation to any document, the form of the said document most recently agreed to by the Parties and initialled by them for identification;
"Agreement" or "Power Purchase Agreement" or "PPA"	Means this document including its recitals and Schedules;
"Appropriate Commission"	Means the Central Electricity Regulatory Commission or the Madhya Pradesh Electricity Regulatory Commission or such other succeeding authority or Commission as may be notified by Government of India/Madhya Pradesh from time to time exercising the function to regulate sale of electricity by a generating company and the power purchase and procurement process of the Procurer under the Electricity Act, 2003;
"Availability Based Tariff" or "ABT"	Shall mean either (i) all the regulations contained in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, as amended or revised from time to time, and/or (ii) the relevant regulations notified by Madhya Pradesh Electricity Regulatory Commission, as amended or revised from time to time, as applicable on the sale of electrical output by the Seller to the Procurer, and to the extent applied as per the terms of this Agreement;
"Availability Factor" or "Availability"	Shall have the meaning ascribed thereto in ABT (provided that in place of Installed capacity and Normative Auxiliary Consumption it shall be the Contracted Capacity);



“Available Capacity”	Shall have the meaning ascribed thereto in ABT (provided that in place of Installed capacity and Normative Auxiliary Consumption it shall be the Contracted Capacity);
“Bid”	Shall mean Non-Financial Bid and Financial Bid submitted by the Bidders, in response to the RFP, in accordance with the terms and conditions of the RFP;
“Bid Documents” or “Bidding Documents”	Means the RFQ and RFP along with all its attachments and any amendments thereto or clarifications thereof;
“Bid Deadline”	Shall mean the last date for submission of the Bid in response to the RFP, specified in Clause 2.8 of the RFP;
“Bidding Guidelines” or “Competitive Bidding Guidelines”	Shall mean Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, issued by Ministry of Power, Government of India under The Electricity Act, 2003 on January 19, 2005 and as amended from time to time till Bid Deadline;
“Bill Dispute Notice”	Means the notice issued by a Party raising a Dispute regarding a Monthly Bill or a Supplementary Bill issued by the other Party;
“Business Day”	Means with respect to the Seller and the Procurer, a day other than Sunday or a statutory holiday, on which the banks remain open for business in the Jabalpur, Madhya Pradesh;
“Capacity Charge” or “Capacity Charges”	Shall have meaning ascribed thereto in Schedule 7;
“Capacity Notice”	Shall have the meaning ascribed thereto under ABT or the Grid Code;
‘Capital Cost’	<p>Means the lower of the following:</p> <ul style="list-style-type: none"> (a) Actual capital cost of the Project on a relevant date which shall not be later than the Commercial Operation Date of the Power Station, as certified by the auditors appointed jointly by the Seller and Procurer; or (b) Total project cost of the Project as set forth in the Financing Agreements, <p>Provided that Capital Cost shall always exclude cost overruns arising due to a Seller Event of Default, or costs due to events for which compensation has been received by Seller from the Procurer or Insurers or Third Parties.</p> <p>Provided further that the Capital Cost in relation to a Unit shall be the total Project Cost allocated in proportion to the Contracted Capacity of the said Unit;</p>
‘Capital Structure Schedule’	Shall mean sources of finance used to finance the Capital Cost as provided in the Financing Agreements and to be attached as Schedule



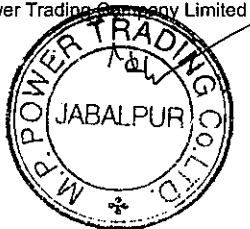
	14 of this Agreement;
"Central Transmission Utility" or "CTU"	Shall have the meaning as defined in the Electricity Act, 2003;
"CERC"	Means the Central Electricity Regulatory Commission, as defined in the Electricity Act, 2003, or its successors;
"CERC Norms"	Means the tariff fixation and other relevant regulations as announced by CERC from time to time;
"Change in Law"	Shall have the meaning ascribed thereto in Article 13.1.1;
"Commercial Operation Date" or "COD"	Means the actual date(s) when the Seller supplies the Contracted Capacity to the procurer at the Delivery Point;
"Commissioning Tests" or "Commissioning Test"	Means the Performance Test at the time of commissioning of plant required to test the capacity of the plant as per the designed parameters or the Repeat Performance Test to test the design specifications in the operating phase of the plant, or both the performance test and the Repeat Performance Test;
"Commissioned Unit"	Means the Unit in respect of which COD has occurred;
"Construction Contractor/s"	Means one or more main contractors, appointed by the Seller to design, engineer, supply, construct and commission the Project;
"Construction Period"	Means the period from (and including) the date upon which the Construction Contractor is instructed or required to commence work under the Construction Contract up to (but not including) the Commercial Operation Date;
"Consultation Period"	Means the period, commencing from the date of issue of a Seller Preliminary Default Notice or a Procurer Preliminary Default Notice as provided in Article 14 of this Agreement, for consultation between the Parties to mitigate the consequence of the relevant event having regard to all the circumstances;
"Contract Year"	Means the period beginning on the Effective Date (as defined hereunder) and ending on the immediately succeeding March 31 and thereafter each period of 12 months beginning on April 1 and ending on March 31 provided that: <ul style="list-style-type: none"> (i) in the financial year in which Scheduled COD of the first Unit would have occurred, a Contract Year shall end on the date immediately before the Scheduled COD of the first Unit and a new Contract Year shall begin once again from the Scheduled Commercial Operation Date of the first Unit and end on immediately succeeding March 31 and provided further that (ii) the last Contract Year of this Agreement shall end on the last



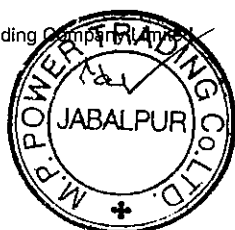
	day of the term of this Agreement; Provided that for the purpose of payment, the tariff will be the Quoted Tariff for the applicable Contract Year as per Schedule 11;
"Contracted Capacity"	Means rated net capacity expressed in MW at the Interconnection Point, as provided in the Selected Bid as per Format 3 of Annexure 6 of the RFP;
"Control Centre" or "Nodal Agency"	Means the State Load Dispatch Centre located at Jabalpur, Madhya Pradesh or such other load control centre designated by the Procurer from time to time through which the Procurer shall issue Dispatch Instructions to the Seller for the Power Station;
"Debt Service"	Means the amounts which are due under the Financing Agreements by the Seller to the Lenders, expressed in Rupees (with all amounts denominated in currencies other than Rupees being converted to Rupees at the Reference Exchange Rate, the rate in Rupees for the Foreign Currency on the relevant day, as notified by the State Bank of India as its TT Rate at 12:00 noon on the Notice to Proceed);
"Declared Capacity"	Means the net capacity of the Power Station at the relevant time (expressed in MW at the Interconnection Point) as declared by the Seller in accordance with the Grid Code and dispatching procedures as per ABT;
"Default Electricity"	Shall mean that percentage of the Contracted Capacity available for sale to third parties (applicable as per 11.5.2 and 11.5.3);
" Delivery Point " or "Interconnection Point"	Means the points of delivery specified in Schedule 8 for fulfilling the obligation of the Seller to deliver the Contracted Capacity to the Procurer;
"Direct Non-Natural Force Majeure Event"	Shall have the meaning ascribed thereto in Article 12.3(ii)(1);
"Dispute"	Means any dispute or difference of any kind between a Procurer and the Seller in connection with or arising out of this Agreement including any issue on the interpretation and scope of the terms of this Agreement as provided in Article 17;
"Dispatch Instruction"	Means any instruction issued by the Procurer through the respective SLDC and RLDC to the Seller, in accordance with applicable Grid Code and this Agreement;
"Due Date"	Means the thirtieth (30th) day after a Monthly Bill or a Supplementary Bill is received and duly acknowledged by Procurer (or, if such day is not a Business Day, the immediately succeeding Business Day) by which date such bill is payable by the Procurer;
"Effective Date"	Means the date of signing of this Agreement by the Procurer and Seller;



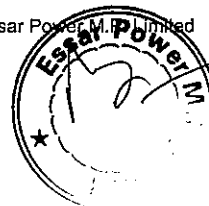
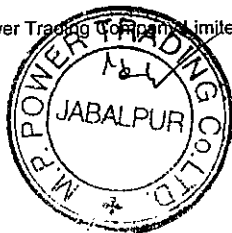
"Electricity Laws"	Means the Electricity Act, 2003 and the rules and regulations made thereunder from time to time along with amendments thereto and replacements thereof and any other Law pertaining to electricity including regulations framed by the Appropriate Commission;
"Electrical Output"	Means the net electrical output of the Power Station at the Delivery Point, as expressed in kWh;
"Energy Charge"	Shall have the meaning ascribed thereto under Schedule 7;
"Expiry Date"	Means for coal based projects the 25 th anniversary of the Commercial Operation Date of the last of the Units of the Project offered to the Procurer; for avoidance of doubt, in case the COD of the Power Station occurs on June 1, 2013, then the 25th anniversary of the Scheduled COD of the Power Station shall occur on June 1, 2038, i.e. in the Contract Year 2038-39;
"Final Test Certificate"	Means a certificate of the Independent Engineer certifying and accepting the results of a Commissioning Test/s, the procedure of Commissioning Test being mutually agreed among Procurer and Seller;
"Financial Closure" or "Financial Close"	Means the execution of all the Financing Agreements required for the Project and the fulfilment of all the Conditions Subsequent of the Seller as mentioned in Clause 3.1.2 subject to waiver, if any, of any of those Conditions Subsequent, for the initial draw down of funds there under;
"Financing Agreements"	Means all the loan agreements, notes, indentures, security agreements, letters of credit, share subscription agreements and other documents relating to the financing or re-financing of the Project at the Financial Closure, as may be amended, modified, refinanced or replaced from time to time, but without in anyway increasing the liabilities of the Procurer;
"Force Majeure"	Shall have the meaning ascribed thereto in Article 12.3;
"Forced Outage"	Shall have the meaning ascribed thereto in Grid Code;
"Fuel"	Means primary fuel used to generate electricity such as coal, gas or oil (as applicable);
"Fuel Supply Agreements" (as applicable)	Means the agreement(s) entered into between the Seller and the Fuel Supplier for the purchase, transportation and handling of the Fuel, required for the operation of the Power Station. In case the transportation of the Fuel is not the responsibility of the Fuel Supplier, the term shall also include the separate agreement between the Seller and the Fuel Transporter for the transportation of Fuel in addition to the agreement between the Seller and the Fuel Supplier for the supply of the Fuel;



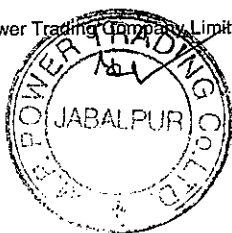
"Functional Specifications"	Means the technical requirements and parameters described in Schedule 4 of this Agreement and as provided in the Grid Code relating to the operation, maintenance and dispatch of any Unit and the Power Station;
"Grid Code" or "IEGC"	Means any set of regulations or codes issued by Appropriate Commission as amended and revised from time to time and legally binding on the Sellers' and Procurer governing the operation of the Grid System or any succeeding set of regulations or code;
"Grid System"	Means the Interconnection and Transmission Facilities and any other transmission or distribution facilities through which the Procurer supply electricity to their customers or the transmission company transmits electricity to the distribution licensees/consumers in the State of Madhya Pradesh;
"Independent Engineer"	Means an independent consulting engineering firm or group appointed by the Seller to carry out the functions in accordance with Article 4.7.1 and Article 12 herein. Provided that separate Independent Engineer may be appointed for the purposes of Article 4.7.1, and Article 12;
"Indian Railways"	Means Government of India owned entity established under the Railways Act 1989 and its successors;
"Indirect Non-Natural Force Majeure Event"	Shall have the meaning ascribed thereto in Article 12.3(ii)(2);
"Indian Governmental Instrumentality"	Means the Government of India (GOI), Government of Madhya Pradesh and any ministry, department, body corporate, board, agency or other authority of GOI or Government of State where the Project is located and includes the Appropriate Commission;
"Interconnection Facilities" or "Interconnection and Transmission Facilities"	Means the facilities on the Procurer's side of the Interconnection Point for receiving and metering Electrical Output in accordance with this Agreement and which shall include, without limitation, all other transmission lines and associated equipment, transformers and associated equipment, relay and switching equipment and protective devices, safety equipment and, subject to Article 9, the Metering System required for the Project. The Interconnection Facilities also include the facilities for receiving power at the Delivery Point where the transmission line from the Power Station Switchyard end is injecting power into the MP STU network;
"Invoice" or "Bill"	Means either a Monthly Tariff Invoice, a Supplementary Invoice or a Procurer Invoice;
"Late Payment Surcharge"	Shall have the meaning ascribed thereto in Article 11.3.4;



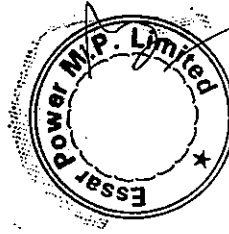
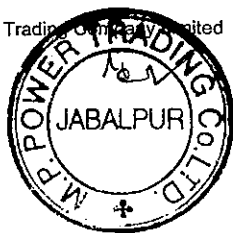
"Law"	Means, in relation to this Agreement, all laws including Electricity Laws in force in India and any statute, ordinance, regulation, notification or code, rule, or any interpretation of any of them by an Indian Governmental Instrumentality and having force of law and shall further include all applicable rules, regulations, orders, notifications by an Indian Governmental Instrumentality pursuant to or under any of them and shall include all rules, regulations, decisions and orders of the Appropriate Commission;
"Lenders"	Means the banks, other financial institutions, multilateral agencies, RBI registered non banking financial companies, mutual funds and agents or trustees of debenture / bond holders, including their successors and assignees, who have agreed as on or before COD of the Power Station to provide the Seller with the senior debt financing described in the Capital Structure Schedule, and any successor banks or financial institutions to whom their interests under the Financing Agreements may be transferred or assigned. Provided that, such assignment or transfer shall not relieve the Seller of its obligations to the Procurer under this Agreement in any manner and shall also does not lead to an increase in the liability of any of the Procurer;
"Letter of Credit" or "L/C"	Shall have the meaning ascribed thereto in Article 11.4.1;
"Meters" or "Metering System"	Means meters used for accounting and billing of electricity in accordance with Central Electricity Authority (Installation and Operations of Meters) Regulations, 2006, Grid Code and ABT, as amended from time to time;
"Maintenance Outage"	Shall have the meaning as ascribed to this term as per the provisions of the Grid Code.
"Minimum Offtake Guarantee"	Means guaranteed offtake of sixty five per cent (65%) of the total Contracted Capacity during a Contract Year;
"Month"	Means a period of 30 days from (and excluding) the date of the event, where applicable, else a calendar month;
"Monthly Bill" or "Monthly Invoice"	Means a monthly invoice comprising Capacity Charges (applicable after COD of the first unit) Energy Charges and Transmission Charges , including incentive and penalty, as per Schedule 7 hereof;
"MP STU"	Means the State Transmission Utility for the state of Madhya Pradesh under the Indian laws;
"Natural Force Majeure Event"	Shall have the meaning ascribed thereto in Article 12.3(i);



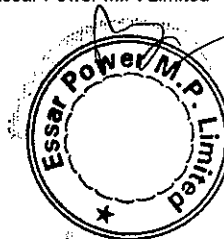
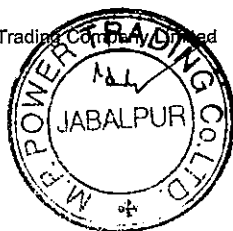
“ Non-Natural Force Majeure Event”	Shall have the meaning ascribed thereto in Article 12.3(ii);
“Normative Availability”	Means equal to eighty per cent (80%) Availability at the Delivery Point on Contract Year basis;
“Notice to Proceed” or “NTP”	Means the date on which the Seller shall fulfill the condition as contained in Article 3.1.2 (i) of this Agreement in accordance with the provisions of this Agreement;
“O&M Contract” or “O&M Contracts”	Means the contract/s entered into by the Seller with the Operator or Operators, if any;
“Operating Procedures”	Shall have the meaning ascribed thereto in Grid Code;
“Operator” or “Operators”	Means one or more contractors appointed as operator of power generation facilities of the Power Station pursuant to an O&M contract, if any;
“Party” and “Parties”	Shall have the meaning ascribed thereto in the recital to this Agreement;
“Performance Guarantee”	Means the irrevocable unconditional bank guarantee, submitted and to be submitted by the Seller or by the Selected Bidder on behalf of the Seller to the Procurer from a bank mentioned in Annexure 11 of the RFP, in the form attached hereto as Schedule 15, in accordance with Article 3 of this Agreement and which shall include the additional bank guarantee furnished by the Seller under this Agreement;
“Preliminary Default Notice”	Shall have the meaning ascribed thereto in Article 14 of this Agreement;
“Power Station”	Means the: <ul style="list-style-type: none"> (a) power generation facility comprising of all the Unit(s) identified for supply of the Contracted Capacity to the Procurer; (b) any associated fuel handling, treatment or storage facilities of the power generation facility referred to above; (c) any water supply, treatment or storage facilities required for the operation of the power generation facility referred to above; (d) the ash disposal system including ash dyke [as applicable]; (e) township area for the staff colony; and (f) bay/s for transmission system in the switchyard of the power station, (g) dedicated transmission line, if any, to the nearest CTU/STU



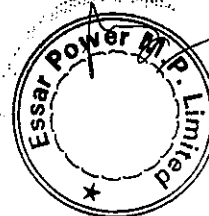
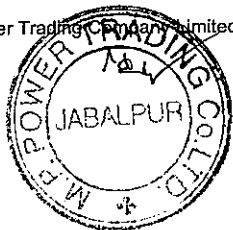
		<p>network</p> <p>(h) all the other assets, buildings/structures, equipments, plant and machinery, facilities and related assets required for the efficient and economic operation of the power generation facility;</p> <p>whether completed or at any stage of development and construction or intended to be developed and constructed as per the provisions of this Agreement;</p>
"Project"		Means the Power Station undertaken for design, financing, engineering, procurement, construction, operation, maintenance, repair, refurbishment, development and insurance by the Seller in accordance with the terms and conditions of this Agreement;
"Project Documents"		<p>Mean:</p> <p>a) Construction Contracts;</p> <p>b) Fuel Supply Agreements (as applicable) / Fuel Mining Agreements (applicable in case captive coal mine/coal block has been allocated), including the Fuel Transportation Agreement, if any;</p> <p>c) O&M contracts;</p> <p>d) RFP and RFP Project Documents; and</p> <p>e) any other agreements designated in writing as such, from time to time, jointly by the Procurer and the Seller;</p>
"Prudent Practices"	Utility	<p>Means the practices, methods and standards that are generally accepted internationally from time to time by electric utilities or coal mining utilities (applicable in case where coal block is allocated) for the purpose of ensuring the safe, efficient and economic design, construction, commissioning, operation and maintenance of coal mine (applicable in case where coal block is allocated) and power generation equipment of the type specified in this Agreement and which practices, methods and standards shall be adjusted as necessary, to take account of:</p> <p>a) operation and maintenance guidelines recommended by the manufacturers of the plant and equipment to be incorporated in the Project;</p> <p>b) the requirements of Indian Law; and</p> <p>c) the physical conditions at the Site;</p>
Quoted Capacity Charge		Shall mean the sum total of Quoted Non Escalable Capacity Charge and Quoted Escalable Capacity Charge;
Quoted Energy Charge		Shall mean the sum total of Quoted Non Escalable Energy Charge



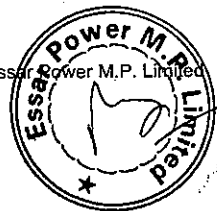
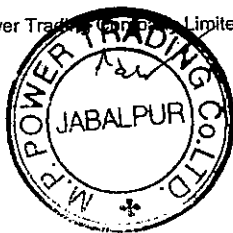
	and Quoted Escalable Energy Charge;
Quoted Non Escalable Capacity Charge	Shall have the meaning as ascribed thereto in Schedule 11;
Quoted Escalable Capacity Charge	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Non Escalable Energy Charge”	Shall be the sum of Quoted Non Escalable Fuel Energy Charge, Quoted Non Escalable Ocean Freight Energy Charge, Quoted Non Escalable Fuel Handling Energy Charge, and Quoted Non Escalable Inland Transportation Energy Charge, each of which shall have the meaning as ascribed thereto in Schedule 11(as applicable);
Quoted Escalable Energy Charge	Shall be the sum of Quoted Escalable Fuel Energy Charge, Quoted Escalable Ocean Freight Energy Charge, Quoted Escalable Fuel Handling Energy Charge and Quoted Escalable Inland Transportation Energy Charge, each of which shall have the meaning as ascribed thereto in Schedule 11(as applicable);
“Quoted Non Escalable Fuel Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Non Escalable Ocean Freight Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Non Escalable Fuel Handling Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Non Escalable Inland Transportation Energy Charge”	Shall have the meaning ascribed thereto in Schedule 11;
“Quoted Escalable Fuel Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Escalable Ocean Freight Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Escalable Fuel Handling Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
“Quoted Escalable Inland Transportation Energy Charge”	Shall have the meaning as ascribed thereto in Schedule 11;
Quoted Tariff	Shall mean the sum total of Quoted Energy Charges and Quoted Capacity Charge;



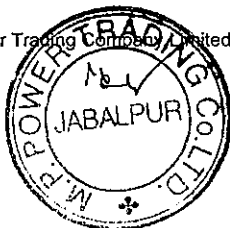
"RBI"		Means the Reserve Bank of India;
"Revised Scheduled COD"		Shall have the meaning as ascribed thereto in Article 3.1.2 (v);
"RPC"		Means the relevant Regional Power Committee established by the Government of India for a specific Region in accordance with the Electricity Act, 2003 for facilitating integrated operation of the power system in that Region;
"Regional Energy Accounts" or "REA"		Means as defined in the Grid Code and issued by the relevant RPC secretariat or other appropriate agency for each Week and for each Month (as per the prescribed methodology), including the revisions and amendments thereof;
"RLDC"		Means the relevant Regional Load Dispatch Centre as defined in the Electricity Act, 2003, in the region in which the Project is located;
"RFP"		Shall mean Request For Proposal along with all schedules, Annexures and RFP Project Documents attached thereto, issued by the Procurer and shall include any modifications, amendments or alterations thereto;
"RFP Project Documents"		Shall mean the following documents to be entered into in respect of the Project, by the parties to the respective agreements: <ul style="list-style-type: none"> a) PPA; b) Default Escrow Agreement; c) Agreement to Hypothecate cum Deed of Hypothecation; and d) any other agreement(s) designated as such, from time to time by the Procurer
"RFQ"		Shall mean the Request for Qualification document issued by the Procurer in the month of (i) July 2006 and (ii) January 2007 for Tariff Based Bidding Process for Procurement of upto 2000 MW of Power on Long-Term Basis under Case I and shall include any modifications, amendments or alterations thereto and clarifications issued regarding the same;
"Rupees" or "Rs."		Means the lawful currency of India;
"SBAR"		Means the prime lending rate per annum applicable for loans with one (1) year maturity as fixed from time to time by the State Bank of India. In the absence of such rate, any other arrangement that substitutes such prime lending rate as mutually agreed to by the Parties;



"Selectee"	Means a new company (i) proposed by the Lenders pursuant to Schedule 17 hereof and approved by the Procurer (ii) or proposed by the Procurer in accordance with Schedule 17 hereof and approved by the Lenders, for substituting the Seller for the residual period of the PPA by amendment of the PPA or by execution of a fresh PPA in accordance with the terms and conditions contained in the said Schedule;
"Selected Bid"	Means the Bid of the Selected Bidder as accepted by Procurer, copy of which is attached herewith and marked as Schedule 16;
"Selected Bidder" or "Successful Bidder"	Shall mean the Bidder (including its successors and legal assigns subject to fulfilment of qualification and other relevant conditions specified in RFQ and RFP) selected pursuant to the RFP to supply power to the Procurer as per the terms of PPA and other RFP Project Documents;
"SERC"	Means the State Electricity Regulatory Commission, as defined in the Electricity Act, 2003, or its successors;
"Scheduled COD" or "Scheduled Commercial Operation Date"	Means the date(s) specified for supplying Contracted Capacity to the Procurer, as provided in the Selected Bid as per Format 3 of Annexure 6 of the RFP;
"Scheduled Connection Date"	Shall mean the date falling 210 days before the Scheduled COD of first the first part of the Contracted Capacity;
"Scheduled Energy" or "Scheduled Generation"	Means scheduled generation as defined in the ABT;
"Scheduled Outage"	Shall have the meaning ascribed to this term as per the provisions of the Grid Code;
"Scheduled Synchronisation Date"	Means in relation to a Unit, the date, which shall be maximum of one hundred and eighty (180) days prior to the Scheduled COD of the respective Unit;
"Settlement Period"	Means the time block for issue of daily generation and drawal schedules as provided in ABT;
"SLDC"	Means the State Load Dispatch Centre at Jabalpur, Madhya Pradesh, as defined in the Electricity Laws;
"SPV" or "Special Purpose Vehicle"	Shall mean the Special Purpose Vehicle formed by the Selected Bidder in accordance with Article 16;
"State Transmission Utility" or "STU"	Shall have the meaning ascribed thereto in the Electricity Act 2003;



"Supplementary Bill"	Means a bill other than a Monthly Bill raised by any of the Parties in accordance with Article 11.8;
"Tariff Payment"	Means the payments under Monthly Bills as referred to in Schedule 7 and the relevant Supplementary Bills;
"Tariff"	Means the tariff as computed in accordance with Schedule 7;
"Tested Capacity"	In relation to a Unit, or the Power Station as a whole (if all the Units of the Power Station have been Commissioned) means the results of the most recent Performance Test or Repeat Performance Test carried out in relation to the Power Station;
"Termination Notice"	Shall mean the notice given before termination of this Agreement in accordance with relevant clauses of this Agreement; shall have the meaning ascribed thereto in Article 14 of this Agreement;
"Term of Agreement"	Shall have the meaning ascribed thereto in Article 2.1;
"Total Debt Amount"	<p>Means the sum of the following amounts, expressed in Rupees (with all amounts denominated in currencies other than Rupees being converted to Rupees at the Reference Exchange Rate, the selling rate in Rupees for the Foreign Currency on the relevant day, as notified by the State Bank of India as its TT Selling Rate at 12:00 noon on the date of issuance of Substitution Notice by the Lenders:</p> <p>(a) the principal amount of the senior debt incurred by the Seller (as per the terms of the Financing Agreements) to finance the Project according to the Capital Structure Schedule which remains outstanding on the date of issuance of Substitution Notice by the Lender after taking account of any senior debt repayments which could have been made out of the Monthly Tariff Payments received by the Seller on or before the date of issuance of Substitution Notice by the Lender as per the terms provided in the Financing Agreements ; and</p> <p>(b) all accrued interest and financing fees payable under the Financing Agreements on the amounts referred to in (a) above from the date of the Capacity Charge payment (as specified in paragraph 1.2 of Schedule 7 hereof) immediately preceding the date of issuance of Substitution Notice by the Lender or, if the Capacity Charges have not yet fallen due to be paid, from the most recent date when interest and financing fees were capitalised, and</p> <p>(c) if this Agreement is terminated during the Construction Period, any amounts owed to the Construction Contractor for work performed but not paid for under the Construction Contract (other than amounts falling due by reason of the Seller's default);</p>
"Unit"	Means one steam generator, turbine generator and associated auxiliaries for a Coal Based Power Plant, identified by the Seller for

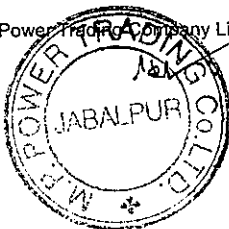


	supply of the Contracted Capacity to the Procurer;
"Unscheduled Interchange" or "UI"	Shall have the meaning ascribed thereto in Rule 24 of the CERC (Terms and Conditions of Tariff) Regulations 2004 or the relevant regulations by MPERC as applicable and as amended or revised from time to time;
"Week"	Means a calendar week commencing from 00:00 hours of Monday, and ending at 24:00 hours of the following Sunday;
"Wheeling Charges" or "Transmission Charge"	Means the charges to be reimbursed by the Procurer to the Seller as transmission tariff of intervening CTU networks, as approved by the Appropriate Commission for the transfer of power from the Power Station switchyard end (excluding the charges for dedicated transmission line or STU network or STU system operator or SLDC Charges, if any) to the Delivery Point.

1.2 Interpretation

Save where the contrary is indicated, any reference in this Agreement to:

- 1.2.1 A "Recital", an "Article", a "Schedule" and a "paragraph/Clause" shall be construed as a reference to a Recital, an Article, a Schedule and a paragraph/clause respectively of this Agreement.
- 1.2.2 An "affiliate" of any party shall mean a company that either directly or indirectly controls or is controlled by or is under common control of the same person which controls the concerned party; and control means ownership by one company of at least twenty six percent (26%) of the voting rights of the other company.
- 1.2.3 A "crore" means a reference to ten million (10,000,000) and a "lakh" means a reference to one tenth of a million (1,00,000);
- 1.2.4 An "encumbrance" shall be construed as a reference to a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person or any other type of preferential arrangement (including, without limitation, title transfer and retention arrangements) having a similar effect.
- 1.2.5 "indebtedness" shall be construed so as to include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;
- 1.2.6 A "person" shall be construed as a reference to any person, firm, company, corporation, society, trust, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of



the above and a person shall be construed as including a reference to its successors, permitted transferees and permitted assigns in accordance with their respective interests.

- 1.2.7 The "winding-up", "dissolution", "insolvency", or "reorganization" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the Law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganization, dissolution, arrangement, protection or relief of debtors.
- 1.2.8 Words importing the singular shall include the plural and vice versa.
- 1.2.9 This Agreement itself or any other agreement or document shall be construed as a reference to this or to such other agreement or document as it may have been, or may from time to time be, amended, varied, novated, replaced or supplemented.
- 1.2.10 A Law shall be construed as a reference to such Law including its amendments or re-enactments from time to time.
- 1.2.11 A time of day shall, save as otherwise provided in any agreement or document be construed as a reference to Indian Standard Time.
- 1.2.12 Different parts of this Agreement are to be taken as mutually explanatory and supplementary to each other and if there is any inconsistency between or among the parts of this Agreement, they shall be interpreted in a harmonious manner so as to give effect to each part.
- 1.2.13 The tables of contents and any headings or sub-headings in this Agreement have been inserted for ease of reference only and shall not affect the interpretation of this Agreement.
- 1.2.14 All interest payable under this Agreement shall accrue from day to day and be calculated on the basis of a year of three hundred and sixty five (365) days.
- 1.2.17 The words "hereof" or "herein", if and when used in this Agreement shall mean a reference to this Agreement.
- 1.2.18 The contents of Schedule 16 shall be referred to for ascertaining accuracy and correctness of the representation made by the Seller in Article 2.6 of Schedule 10 hereof.



2 ARTICLE 2: TERM OF AGREEMENT

2.1 *Effective Date and Term of Agreement*

This Agreement shall come into effect from the Effective Date. This Agreement shall be valid for a term commencing from the Effective Date until the Expiry Date ("Term of Agreement") unless terminated earlier pursuant to Article 2.2. Upon the occurrence of the Expiry Date, this Agreement shall, subject to Article 18.9, automatically terminate, unless mutually, extended by all the Parties on mutually agreed terms and conditions, atleast one hundred and eighty (180) days prior to the Expiry Date, subject to approval of the Appropriate Commission, as necessary.

2.2 *Early Termination*

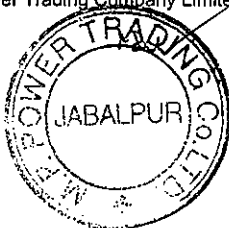
This Agreement shall terminate before the Expiry Date:

- i. if either all the Procurer or Seller exercises a right to terminate, pursuant to Article 3.3.2, Article 3.3.3, Article 3.3.3A, Article 4.5.3, Article 4.6.2, , Article 14.4.5 or Schedule 10 of this Agreement or any other provision of this Agreement; or
- ii. in such other circumstances as the Seller and all the Procurer may agree, in writing.

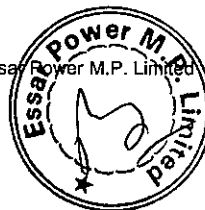
2.3 *Survival*

2.3.1 The expiry or termination of this Agreement shall not affect accrued rights and obligations of the Parties under this Agreement, including the right to receive Liquidated Damages as per the terms of this Agreement, nor shall it affect any continuing obligations for which this Agreement provides, either expressly or by necessary implication, the survival of, post its expiry or termination.

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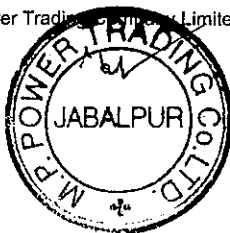
3 ARTICLE 3: CONDITIONS SUBSEQUENT TO BE SATISFIED BY THE SELLER AND THE PROCURER

3.1 Satisfaction of conditions subsequent by the Seller and the Procurer

3.1.1 Simultaneously with the execution of this Agreement, the Seller or the Selected Bidder, on behalf of the Seller, have provided to the Procurer, the Performance Guarantee from any of the banks in the list of banks provided in the RFP, of an aggregate amount of Rupees Eleven crore twenty five lakhs only. Subject to Article 3.4, the Performance Guarantee shall be initially valid till three (3) Months after the Scheduled COD of the Power Station and which shall be extended from time to time to be valid up to three (3) Months after the actual COD of the Power Station. In case the validity of Performance Guarantee is expiring before the validity period specified in this Article, the Seller shall at least thirty (30) days before the expiry of the Performance Guarantee replace the Performance Guarantee with another Performance Guarantee or extend validity of existing Performance Guarantee which is valid and in force till the validity period specified in this Article.

3.1.2 The Seller agrees and undertakes to duly perform and complete the following activities within (i) 12 Months from the Effective Date or (ii) 14 Months from the date of issue of Letter of Intent, whichever is later, unless such completion is affected due to the Procurer's failure to comply with their obligations under Article 3.1.2A of this Agreement or by any Force Majeure event or if any of the activities is specifically waived in writing by the Procurer:

- i. the Seller shall have
 - a) awarded the Engineering, Procurement and Construction contract ("EPC contract) or main plant contract for boiler, turbine and generator ("BTG"), for the Project and shall have given to such contractor an irrevocable notice to proceed; and
 - b) (1) in case the Project is proposed to be developed on the books of the Bidder, he shall have completed the execution and delivery of the Financing Agreements for at least twenty five percent (25%) of the debt required for the Project as certified by the Lender/Lead Lender; or
(2) in case the Seller develops the Project on a non recourse basis, Seller shall have achieved Financial Closure;



- ii. the Seller shall have made available to the Procurer the data with respect to the Project for design of Interconnection Facilities and Transmission Facilities, if required;
- iii. the Seller shall have finalised the specific delivery point for supply of power in consultation with the Procurer;
- iv. the Seller shall have executed Fuel Supply/Mining Agreement, as applicable, and Fuel Transportation Agreement, if any and provided the copies of the same to the Procurer;
- v. The Seller shall have sent a written notice to the Procurer indicating that (a) the Scheduled COD shall be as per the original Scheduled COD i.e. forty eight (48) months from the Effective Date or (b) that it intends to prepone the Scheduled COD (hereinafter referred to as "Revised Scheduled COD"). Provided that, the Revised Scheduled COD shall not be earlier than the mutually agreed upon date between the Procurer and the Seller.

Further provided that, in case there is no mutual agreement between the Parties on Revised Scheduled COD, the Seller will be free to sell power to third parties till Scheduled COD. The term of the Agreement shall be for the same number of years as at the date signing from the date of Scheduled COD in such case.

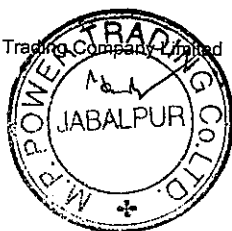
- vi. The Seller shall have taken possession of the land for the Power Station;
- vii. The Seller shall have provided an irrevocable letter to the lenders duly accepting and acknowledging the rights provided to the Lenders under the terms of this Agreement and all other RFP Project Documents.

Provided, in case the Financial Closure of the Project/ Power Station or any of its units has occurred before the Effective Date, the Seller shall submit copies or proof of the relevant documents and information, as mentioned in Article 3.1.2 above, to the Procurer within three (3) months of signing of PPA.

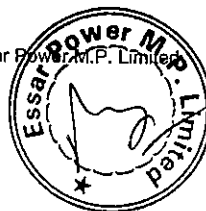
3.1.2A The Procurer shall ensure that the following activities are completed within the time period mentioned below:

Activity	Time for Completion
1. Ensure the availability of interconnection facilities and evacuation of power at the Delivery Point	Within the date falling 210 days before the Scheduled CoD of the first unit;

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3.1.3 Joint responsibilities of the Procurer and the Seller

- i) The Procurer and Seller shall jointly appoint the Independent Engineer for the purposes of carrying out the functions as specified in Article 4.7.1, and Article 12, herein within a period of eight (8) months from the Effective Date. Cost of appointing the Independent Engineer shall be borne by the Seller.

3.2 Progress Reports

The Seller and the Procurer shall notify one another in writing at least once a Month on the progress made in satisfying the conditions in Articles 3.1.2, 3.1.2A and 3.1.3.

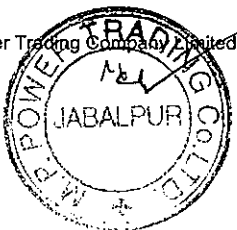
3.3 Consequences of non-fulfillment of conditions under Article 3.1

3.3.1 If any of the conditions specified in Article 3.1.2 is not duly fulfilled by the Seller even within three (3) Months after the time specified under Article 3.1.2, then on and from the expiry of such period and until the Seller has satisfied all the conditions specified in Article 3.1.2, the Seller shall be liable to furnish to the Procurer additional weekly Performance Guarantee of Rupees Thirty Seven Thousand Five Hundred Rupees (Rs. 0.375 lakhs) per MW, amounting to Rs. Fifty six lakhs twenty five thousand only (Rs. 56.25 lakhs) of the Contracted Capacity within two (2) business days of expiry of every such week. Such additional Performance Guarantee shall become part of the Performance Guarantee and all the provisions of this Agreement shall be construed accordingly. The Procurer shall be entitled to hold and/or invoke the Performance Guarantee, including such increased Performance Guarantee, in accordance with the provisions of this Agreement.

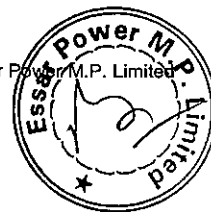
3.3.2 Subject to Article 3.3.3 and Article 3.3.3A, if:

- (i). fulfilment of any of the conditions specified in Article 3.1.2 is delayed beyond a period of three (3) Months and the Seller fails to furnish any additional Performance Guarantee to the Procurer in accordance with Article 3.3.1 hereof; or
- (ii). the Seller furnishes additional Performance Guarantee to the Procurer in accordance with Article 3.3.1 hereof but fails to fulfil the conditions specified in Article 3.1.2 for a period of eight (8) months beyond the period specified therein,

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