

POWER PURCHASE AGREEMENT

BETWEEN

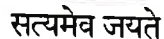
JSW ENERGY LIMITED

And

JSW STEEL LIMITED

Dated

30th March, 2019



Government of Karnataka

e-Stamp

Certificate No.	: IN-KA84385387704421R
Certificate Issued Date	: 29-Mar-2019 12:35 PM
Account Reference	: NONACC (FI)/ kaksfcl08/ BELLARY8/ KA-BY
Unique Doc. Reference	: SUBIN-KAKAKSFCL0899470692827799R
Purchased by	: JSW ENERGY LIMITED TORANAGALLU
Description of Document	: Article 12 Bond
Description	: AGREEMENT
Consideration Price (Rs.)	: 0 (Zero)
First Party	: JSW ENERGY LIMITED TORANAGALLU
Second Party	: JSW STEEL LIMITED TORANAGALLU
Stamp Duty Paid By	: JSW ENERGY LIMITED TORANAGALLU
Stamp Duty Amount(Rs.)	: 200 (Two Hundred only)

For TORANAGALLU SOUHAARDA CREDIT CO-OPERATIVE LTD.



Please write or type below this line

Statutory Alerts:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.

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

WHEREAS

- (A) The Procurer is India's leading manufacturer of steel with manufacturing facilities in Karnataka, Maharashtra, Tamil Nadu, etc.
- (B) The Procurer owns, operates and maintains a 12 Million Tonne per Annum (MTPA) integrated steel plant at Vijayanagar, Dist. Bellary, Karnataka and has plans to increase the capacity to 18 MTPA;
- (C) The Seller is engaged in the business of power generation, power trading, power transmission and power generation equipment manufacturing.
- (D) The Seller has commissioned 860 MW coal-fired power plant located at Vijayanagar, Dist. Bellary, Karnataka (the "Power Plant"); The Power Plant consists of SBU I having gross capacity of 260 MW (2 X 130 MW) and SBU II having gross capacity of 600 MW (2 X 300 MW).
- (E) The Procurer has agreed to purchase and the Seller has agreed to sell 280 MW Contract Gross Capacity, as defined herein later, from the Power Plant, subject to the terms and conditions of this Agreement;

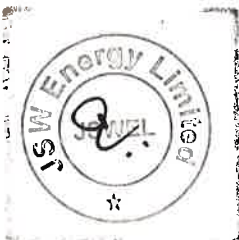
NOW THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein, it is hereby agreed by and between the Parties as follows:

1. Definition and Interpretation

Definition

- 1.1 In this Agreement except where the context otherwise requires, the following expressions shall have the following meanings set opposite them:

"Act"	means the Electricity Act 2003 including any amendments made to the same or any succeeding enactment thereof;
"Active Energy"	means the integral with respect to time of the active power measured in units of Kilo Watt-hours (kWh) or multiples thereof;
"Active Power"	means the product of the voltage and in-phase component of the alternating current measured in kiloWatts (kW) or multiples thereof;
"Actual Capacity"	means in respect of any period of time, the capacity (gross) which the Seller has declared the Power Plant capable of making available to the Procurer during such period;
"Agreement"	means this power purchase agreement including its recitals and schedules attached hereto;
"Applicable Laws"	means and include Act, all laws, bye-laws, rules, regulations, ordinances, circulars, guidelines, policies, notifications, directions and judgments and orders or other



"Business Day"

requirements of, any Competent Authority and/or any other statutory authority, applicable or enacted in India from time to time which is having jurisdiction on the subject matter of, and or the Parties' performance of their respective obligations under, this Agreement;

means a day on which banks in the State of Karnataka are open for business;

"Capacity Charges"

means the Capacity Charges calculated in accordance with the Schedule 3 hereto for Capacity made available or deemed to be available pursuant to Clause 8 to the Procurer;

"Capital Cost"

means the total cost incurred by the Seller for setting up the Power Plant estimated at Rs. 3,151 Crs. Any additional capex incurred in future including for compliance of environment norms would form part of the Capital Cost.

"Change in Law"

means

- a. the adoption, repeal (in whole or in part) promulgation, modification or re-enactment after the date of this Agreement of any Applicable Law by a Competent Authority; or
- b. any change in the interpretation or application of any Applicable Law by, or confirmed by, a High Court or court of superior jurisdiction thereto; or
- c. any change in the policies of any Competent Authority; or
- d. the imposition of a requirement for a Consent or the revocation and cancellation of a Consent (other than any such imposition which is induced by acts or omissions of the Seller or the Procurer); or
- e. the imposition by a Competent Authority of any condition in connection with the issuance, renewal, extension, replacement or modification of any Consent after the date of this Agreement that is more or less restrictive or onerous than the requirements applicable to such Consent obtained at the date of this Agreement (other than any such imposition which is induced by acts or omissions of the Seller or the Procurer);

"Commencement Date"

means 01.10.2018 i.e. the date of commencement of the Energy transmission or delivery from the Power Plant to Electricity Delivery Point as per record available under the Seller's Metering System in accordance with provision stated in the Sub-clause 5.1;

"Competent Authority"

means the Government of India, the Government of Karnataka or of any other state of India, any subdivision of any of the foregoing, any local governmental authority or other governmental or regulatory body of India and any department, authority, government corporation and or agency thereof (including the Central Electricity Authority



(CEA), Central Electricity Regulatory Commission. (CERC), Karnataka Electricity Regulatory Commission. (KERC), Gulbarga Electric Supply Co. Ltd. (GESCOM), Karnataka Power Transmission Corporation Ltd. (KPTCL) and the Reserve Bank of India (RBI);

“Consents”

means all such approvals (including environmental permits), consents, authorisations, notifications, concessions, acknowledgements, licences (including import licences), permits, decisions, easements, property rights or similar items to be obtained from any Competent Authority by the Seller or the Procurer, as the case may be, for the construction, ownership, financing, operation and maintenance of the Power Plant or the Steel Plant, as the case may be;

“Contract Gross Capacity”

means from on and after the Commencement Date, a gross power output of 280 MW;

“Contract Net Capacity”

means Contract Gross Capacity net of Auxiliary Consumption of 8%;

“Contract Year”

means subject as below, a period of twelve (12) consecutive calendar months reckoned as follows:

(i) The first Contract Year shall commence on and from the Commencement Date and end on 31st March 2019;

(ii) The last Contract Year shall end three (03) years from the Commencement Date or the date of termination of this Agreement, whichever is earlier;

“Day”

means the 24-hour period beginning and ending at 12:00 midnight Indian standard time;

“Deemed Generation” or Deemed Availability

Bears the meaning set out in the Clause 8;

“De-energise”

means the movement of any switch or the removal of any fuse or the taking of any other step whereby no Energy can flow from the Power Plant to the Seller;

“Depreciation”

has the meaning ascribed thereto in the Schedule 3 hereto;

“Despatch Instructions”

means instructions by the Procurer to the Seller to commence, increase, decrease or cease to deliver the Active Energy at the Electricity Delivery Point;

“Due Date of Payment”

means the 30th day from the date on which invoice are raised for the energy supplied in the month;

“Equity”

means 30% of the Capital Cost

“Electricity Delivery Point”

means the point specified in the Schedule 1 within the Power Plant for fulfilling the obligation of the Seller to deliver the Contract Capacity of electricity to the Procurer;

“Energy”

means electrical energy;



"Energy Charge"	have its meaning as ascribed thereto and or understood in accordance with the terms and conditions under the Schedule 3 hereto.
"Energy Payment"	means the payment as indicated under the Schedule 3 hereto;
"Event of Default"	means a Procurer's Default or a Seller's Default, as the case may be;
"Expert"	means any person appointed to act in such capacity pursuant to the Clause 13.2;
"Fixed Costs"	has the meaning ascribed thereto in the Schedule 3 hereto;
"GoK"	means the Government of Karnataka;
"Interest on Loan Capital"	means, in respect of any period, the aggregate of all amounts payable towards interest by the Seller in respect of the relevant period under or in connection with the Power Plant Financing Agreements, any fees or expenses but excluding principal repayments to the extent of depreciation.
"Interest on Working Capital"	has the meaning ascribed thereto in the Schedule 3 hereto;
"KPTCL"	means the Karnataka Power Transmission Corporation Ltd. and its successors and assigns;
"kW"	means a kilowatt;
"kWh"	means a kilowatt-hour;
"Laws of India"	means the substantive laws of the state or local legislature in India, or any other Competent Authority, including all laws, statute, orders, decrees, injunctions, agreements, authorisations, and regulations of any competent legislature or statutory authority or other Competent Authority having jurisdiction over the matter in question;
"Maintenance Period"	means unscheduled / unplanned maintenance / outage period which has been scheduled in accordance with the Clause 5.3 and is for the purpose of performing work on specific components which should not, in the reasonable opinion of the Seller, be postponed until the next Scheduled Maintenance Period;
"Major Overhaul Year"	means any Contract Year in which the Seller has planned a Scheduled Maintenance Period of more than twenty-one (21) days of the Power Plant in accordance with the Clause 5.3;
"Metering System"	means the Seller's Metering System and/or the Procurer's Metering System, as the case may be;
"ml"	means milliliter;
"Month"	means a calendar month;



"MU"	means one (1) million kWh;
"MW"	means megawatt;
"MWh"	means megawatt-hour;
"Net Metering Point"	means as per the formula set out in the clause 6.6;
"Notice of Intent to Terminate"	has the meaning ascribed thereto in the Clause 9.6 (a);
"Operating Committee"	means a committee comprising two representatives from the established pursuant to the Clause 5.3(b);
"Operating Procedures"	means the operating procedures set out in the Schedule 2 hereto;
"Operation and Maintenance Expenses and Insurance"	has the meaning ascribed thereto in the Schedule 3 hereto;
"Plant Load Factor" or "PLF"	means in respect of any period the following amount expressed as a percentage

$$\frac{A}{B * C}$$

Where:

"A" is the aggregate of the Actual Capacity for each hour of that period;

"B" is the Contract Gross Capacity; and

"C" is the total number of hours in such period;

"Power Plant" means the Seller's Power Plant of 860 MW capacity comprising of SBU I (2 X 130 MW) and SBU II (2 X 300 MW) situated at Vijayanagar in the State of Karnataka;

"Power Plant Financing Agreements"

collectively, means and include the credit facility agreements, security agreements, guarantees and other documents relating to the financing (including additional or re-financing) of the Power Plant or any part thereof;

"Procurer's Default" has the meaning ascribed thereto in the Clause 9.2;

"Procurer's Electricity Distribution System"

means the electricity distribution line or lines from the Electricity Delivery Point to the Steel Plant;

"Procurer's Metering System"

means the meters and metering devices owned by the Procurer to serve as a check metering system to the Seller's Metering System;



“Prudent Practices”

means those practices, methods, specifications, techniques and standards of equipment, safety and performance, as the same may change from time to time, as are generally accepted for use in the industries that the Seller and the Procurer are engaged in and that are applicable herein, taking into account conditions in India and are commonly used in prudent engineering and operation practices within such industries and which generally conform with the manufacturer's operation and maintenance guidelines in connection with the operation and maintenance of facilities, equipment or systems of the type and size similar to the facilities, equipment or systems in question (and in all cases subject to the requirements and limitations of any Consents);

Prudent Practices are not limited to optimum practices, methods, specifications and standards of equipment, safety and performance or acts to the exclusion of all others, but rather shall include all possible practices, methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety;

“Return on Equity”/ “ROE”

means, in respect of any Contract Year, an amount equal to Fifteen & half percent (15.50%) of the Equity calculated on a post-tax basis;

“ROE Tax”

Actual tax on the RoE applicable to the Seller;

“Rupee” or “Rs”

means the lawful currency of India;

“Scheduled Maintenance Period”

means a planned shutdown of a phase that has been scheduled in accordance with the Sub clause 5.3(a) and is for the purpose of inspection, testing, preventative maintenance, corrective maintenance, repairs, replacement or improvement of the Power Plant;

“Seller’s Default”

has the meaning ascribed thereto in the Clause 9.3;

“Seller’s Lenders”

means the lenders, which are counter parties to the Power Plant Financing Agreements;

“Seller’s Metering System”

means all meters and metering devices owned by the Seller and used to measure the amount of the Energy delivered to the Procurer at the Electricity Delivery Point;

“Steel Plant”

means the Procurer’s integrated steel plant and associated works and equipment located at Vijayanagar, Karnataka;

“Tariff”

means the tariff as computed in accordance with the Schedule 3 hereto;

“Technical Specification”

means the technical limits and constraints relating to the operation, maintenance and Dispatch Instructions as set out in the Operating Procedures to be agreed by the Operating Committee which shall be based on and



“Unit”

consistent with the specification for and design of the Power Plant and Prudent Practices;

means one kWh;

Interpretation Provisions

- 1.2 In this Agreement, save where the context otherwise requires:
- (a) the singular includes the plural and vice versa and reference to any gender includes a reference to all other genders;
 - (b) headings and the use of bold typeface shall be ignored;
 - (c) references to any statute, legislation, act, rules or regulation shall include references to such as it may, after the date of this Agreement, from time to time be amended, supplemented or re-enacted;
 - (d) a reference to a Sub-clause, Clause, Paragraph or Schedule is, unless indicated to the contrary, a reference to a Sub-clause, Clause, Paragraph or Schedule of this Agreement;
 - (e) references to the words “include” or “including” shall be construed without limitation;
 - (f) a reference to a “person” includes any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust, Competent Authority, or other entity (in each case, whether or not having separate legal personality) and also includes their respective successors and permitted assigns;
 - (g) references to writing shall include any modes of reproducing words in a legible and recorded form (whether electronic or otherwise);
 - (h) references to this Agreement or to any other agreement or any deed or other instrument shall be construed as a reference to such agreement, deed or other instrument as the same may from time to time be amended, varied, supplemented or novated;
 - (i) Where a day is specified in this Agreement for any payment or other action and such day is not a Business Day, such payment or action shall be taken on the immediately following Business Day;
- 1.3 In this Agreement calculations other than monetary calculations shall be made to four decimal places without rounding and the final product shall be rounded to the second decimal and a figure of 5 or greater in the third place of decimals shall cause a rounding up of the second decimal. All intermediate monetary calculations shall be made to four decimal places and the resultant figure which will form the basis for payment then rounded up to the nearest Rupee;
- 1.4 If a Contract Year is a period of less than 365 Days (or 366 in a leap year), any quantity or amount to be calculated pursuant to this Agreement in respect of such Contract Year shall be adjusted pro rata according to the number of Days in such Contract Year;

2. Effectiveness

This Agreement will be effective for supply of power from 01.10.2018;



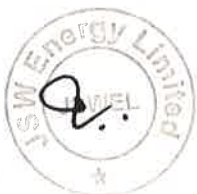
3. Sale of Capacity

3.1 Capacity

- (a) Subject to and in accordance with the terms of this Agreement, from and after the Commencement Date, the Seller shall sell to the Procurer and the Procurer shall pay the consideration referred to in the Clause 4 for:
- (i) the Actual Capacity; and
 - (ii) the Active Energy supplied at the Electricity Delivery Point;
- Further, the Parties agree that all transmission losses and or charges, if any, shall be solely borne by the Procurer;
- (b) The Contract Gross Capacity shall be **280 MW** at the Electricity Delivery Point.
- (c) The Seller shall ensure minimum availability of 85% of the Contract Gross Capacity on an annualized basis for recovery of the Capacity Charges corresponding to the Contract Gross Capacity. The Procurer shall make payment for the entire Capacity Charges corresponding to the Contract Gross Capacity irrespective of the actual drawl by the Procurer, subject to reconciliation on an annual basis.
- (d) If the Procurer does not avail of power up to the Contract Capacity made available by the Seller, the Seller shall sell such available capacity not procured, to any person without losing the right to receive the capacity charges from the Procurer for such un-availed capacity. It is clarified that the Seller shall sell this un-availed capacity only after exhausting sale of its own untied capacity. Any realisation made by the Seller on sale of such capacity of the Procurer, over and above the energy charges, to the extent of applicable Capacity Charge would be passed on to the Procurer. It is further clarified that on the basis of exportable capacity of the Power Plant and the Contract Gross Capacity tied up with the Procurer, realisation from sale of units over and above 332 MUs to third parties in a month beyond fuel cost subject to ceiling of applicable Capacity Charge would be passed on to Procurer.
- (e) In case Procurer draws energy more than the Contract Net Capacity (in energy terms) in a month, the tariff for such energy shall be the applicable Capacity Charge for that year and actual variable cost.
- (f) The Procurer shall make good of any loss, including lower realization from any third party sale/any penalty, due to load variation of the Procurer.
- (g) In the event, power drawl by the Procurer exceeds the 85% of the Contract Net Capacity in a month in energy terms, an incentive @ Rs.0.50/kWh shall be payable by the Procurer to the Seller for each unit supplied to the Procurer beyond the 85% availability on net energy basis.
- (h) The Procurer has requested to contribute to minimum 26% equity of SBUI Unit #1 and SBUI Unit#1 and draw more than 51% power generated from these units for these units to be considered as Captive Power Plant for the Procurer in terms of Electricity Rules 2005 framed under and Electricity Act 2003. The Seller has accepted the request of the Procurer, subject to compliance of Electricity Rules 2005 and any other relevant regulations/laws by the Procurer.

3.2 Technical Specification

The Active Energy (including reactive thereof) supplied by the Seller shall be subject to the Technical Specification;



4. Payment Obligation and Billing Terms

4.1 Capacity Charges

From and after the Commencement Date, the Procurer shall pay the Seller in respect of each month the Capacity Charges calculated in accordance with the Schedule 3 hereto;

4.2 Energy Charges

From and after the Commencement Date, the Procurer shall pay the Seller in respect of each month the Energy Charges for the energy supplied by the Seller to the Procurer in the month calculated in accordance with the Schedule 3 hereto;

4.3 Incentive

From and after the Commencement Date, the Procurer shall pay an incentive @ Rs.0.50/kWh for the energy supplied beyond the energy corresponding to the 85% of the Contract Net Capacity in a month., subject to reconciliation at the end of the year.

4.5 Taxes and duties

Notwithstanding anything contained in this Agreement, the Procurer shall be responsible for paying or reimbursing the following taxes and duties incurred by the Seller:

- (a) Any Goods and Service tax, electricity tax, electricity duty, cess, cross subsidy surcharge, additional surcharge or other taxes or levies on account of the supply of the Energy to the Procurer under this Agreement.
- (b) the allowance for the corporate tax in respect of the ROE in accordance with the Schedule 3 hereto. However, the re-imbursement of corporate tax shall be limited to the actual tax on the ROE.

4.6 Currency

All payments to be made pursuant to this Agreement shall be payable in Rupees (INR);

4.7 Invoices

- (a) The Seller shall, on or before the fifth (5th) day of the month, invoice the Procurer for the Capacity Charges, Energy Charges and Incentives due under this Agreement for the previous month, as estimated by the Seller and as adjusted for the amount of any reconciliation made pursuant to paragraph 1 of the Schedule 3 hereto;
- (b) The Seller shall provide credit for the energy sold to third parties as per Clause 3.1 (d) to the Procurer by way of reduction of Capacity Charges as applicable for the month.
- (c) The Seller shall raise additional invoice towards reimbursement of UI, MD, import charges etc. as per clause 3.1 (f) as applicable for the month.

4.8 Payments

- (a) The Procurer shall make payment against the invoices raised by the Seller on or before the Due Date of Payment;



- (b) Where the Procurer dispute any amount the Procurer shall provide reasons for disputing the full invoice with the payment of the undisputed amounts, and such dispute shall be settled in accordance with the procedures set out the Sub-clause (c) and (d) herein below;
- (c) If any dispute arises as to the entitlement to payment of any sum alleged to be due and owing under this Agreement and the Parties have been unable to resolve it within the period provided in the Clause 13.1, the matter may be referred at the request of either Party to the Expert for determination;
- (d) Either Party may thereafter refer the dispute to arbitration pursuant to the Clause 13.3 but the decision of the Expert shall be binding upon the Parties until such time as it is replaced by an arbitration award (if any) and payment of any sum which the Expert decides was due shall be paid within fifteen (15) days after notification of his decision failing which such non-payment shall be deemed to be the Procurer's Default or the Seller's Default (as the case may be);

4.9 Interest on Late Payments

In the event of delay in payment of a monthly bill by the Procurer beyond due date, a late payment surcharge shall be payable by the Procurer to the Seller as per following interest rates:

- (a) Up to 60 days of delay - SBI Base Rate+ 1% p.a.
- (b) Beyond 60 days of delay - SBI Base Rate + 3% p.a.

The late payment surcharge shall be payable on the outstanding undisputed amount, calculated on a day to day basis (and compounded with monthly rest), for each day of delay.

5. Commencement and Maintenance

5.1 Commencement Date

The Commencement Date shall be 01.10.2018 or any other date as mutually agreed between the Parties.

5.2 Plant Operation

- (a) The Power Plant shall be operated at the Base Load Operation;
- (b) The Seller and Procurer shall establish the Operating Committee in accordance with the Schedule 2 hereto, which shall develop and agree upon the Operating Procedures no later than fifteen (15) days from the date of this Agreement;
- (c) Any dispute arising due to a failure to agree to the Operating Procedures by the Operating Committee in accordance with this paragraph (a) of this Sub-clause may be referred by either Party to their respective CEOs or any equivalent designated head for determination. If the two CEOs fail to reach a decision within seven (7) days of referral, then either Party may refer the dispute to the Expert for determination;

5.3 Scheduled Maintenance Periods and Maintenance Periods

- (a) At least thirty (30) days before the beginning of each Contract Year, the Seller shall submit its plan for the Scheduled Maintenance Periods for that year to the Operating Committee. The Scheduled Maintenance Periods shall be allowable at a maximum of twenty-one (21) days in a Contract Year except in the Major Overhaul Years where the Scheduled Maintenance Periods shall not exceed Forty-Five (45) days. A



Major Overhaul Year shall not occur more frequently than once in every five (5) Contract Years for each of the unit;

- (b) The Operating Committee shall agree with such plan submitted by the Seller pursuant to paragraph (a) of this Sub-clause and subsequent amendments, as mutually acceptable, keeping in view, among other things, the Procurer's own maintenance periods for the Steel Plant with the intention that the Scheduled Maintenance Periods shall coincide therewith so far as practicable. As the need arises for the Maintenance Period, the Seller shall notify the Procurer of such need and of the commencement and estimated duration of the works to be carried out and the Procurer shall request the Seller to schedule such Maintenance Period at a time and within a period of time reasonable in light of its need for energy from the Power Plant or its other obligations under this Agreement and the necessity of the proposed works;

5.4 Maintenance of Operating Records

- (a) The Seller shall keep records and all other data required by the Procurer and the Seller for the purposes of the proper administration of this Agreement. Among other records and data required hereby or elsewhere in this Agreement, the Seller shall maintain an up-to-date operating log, in a generally accepted format, at the Power Plant with records of:
- (i) Active Power generated for each day;
 - (ii) changes in operating status, the Scheduled Maintenance Periods, the Maintenance Periods and other interruptions or reductions in the Actual Capacity; and
 - (iii) other matters agreed to by the Operating Committee;

All such records and data shall be maintained for a minimum of twelve (12) months after the creation of such record or data and for any additional length of time required by the Competent Authority;

- (b) The Procurer shall have the right, upon 10 days' prior notice, to examine the records and data as per (a) herein above, at any time during normal office hours during the period such records and data are required hereunder to be maintained.

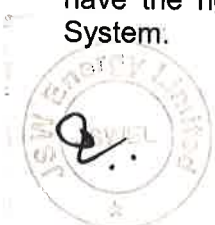
6. Capacity Measurement

6.1 Metering Equipment

The Seller, at its expense, shall procure, install, own and maintain the Seller Metering System separately for each transformer. The Energy meter and associated equipment shall be of 0.2s accuracy class. These meters shall function as main meters. The general location of these meters shall be the metering point. Such equipment shall be capable of providing instantaneous output measurements to measure electrical output delivered at a specific time. The Procurer, at its expense, shall procure, install, own and maintain the Procurer Metering System separately for each transformer. The Energy meter and associated equipment shall be of 0.2 accuracy class. These meters shall function as check meters and shall be of the same make as of main meters;

6.2 Installation of Metering Systems

Prior to the Commencement Date, each Party shall install its Metering System on the Site at a location chosen by the Seller & Procurer. Each Party shall give the other Party at least fourteen (14) days' advance notice of such installation and the other Party shall have the right to observe and inspect the installation of the other Party's Metering System.



6.3 Accuracy

All the main and check energy meters and all associated current and potential transformers installed at the Electricity Delivery Point shall have an installed overall root mean square (the "RMS") accuracy of 0.20%;

6.4 Periodic Metering Test

- (a) All the main and check meters shall be tested for accuracy as per CEA Metering Regulation updated from time to time. The standard meter shall be tested from an NABL accredited Meter Testing laboratory or from an agency/ testing laboratory approved by GoK. The check and main meters shall be deemed to be working satisfactorily if the errors are within specifications for meters of accuracy class as per GoK guidelines/norms. The consumption registered by the main meters alone will be deemed acceptable for the purpose of billing as long as any error for the main meter is within the permissible limits. Each meter shall be jointly inspected and sealed by the Parties and shall not be interfered with by either Party except in the presence of the other Party or its accredited representatives;
- (b) If, any of the main meters are found to be within the permissible limit of error and the corresponding check meter is beyond the permissible limits, then billing will be as per the main meter. The check meter shall, however, be calibrated immediately;
- (c) If during any of the monthly meter readings for billing, the variation between the main meter and the check meter is found to be more than 0.4%, all of the meters shall be re-tested and recalibrated;
- (d) If, any of the main meters are found to be beyond permissible limits of error, but the corresponding check meter is found to be within permissible limits of error, then the billing for the quarter upto the date and time of such test check shall be in accordance with the check meter. The main meter shall be calibrated immediately and billing for the period after calibration until the next monthly meter reading shall be as per the calibrated main meter;
- (e) If both the main meter and the corresponding check meter are found to be beyond the permissible limits of error, both meters shall be immediately calibrated and the correction applied to the consumption registered by the main meter to arrive at the correct consumption of energy for billing purposes for the month upto the time of such test checks. Billing for the periods thereafter until the next monthly meter reading shall be in accordance with the calibrated main meter, subject to (c) herein above in this Sub clause;
- (f) If both the main meters and the corresponding check meter fail to record, or if any potential transformer fuses are blown out, then the Energy shall be computed on a mutually agreeable basis for that period of defect;

6.5 Additional Inspections

In addition to the tests required in the Clause 6.4, the Seller shall perform additional inspections that the Seller determines, are required, or upon one week's prior written notice by the Procurer shall perform additional inspections or tests reasonably required by the Procurer. The Parties shall agree on a mutually convenient time for such inspections or tests. The expense of the Procurer requested additional inspections or tests shall be borne by the Procurer unless upon such testing a metering device is found to register beyond the permissible limits of error in accordance with the Clause 6.4;



6.6 Installations of the Procurer – Owned Meters

If it is determined in the interconnection point study that the Procurer owned metering facilities, if any, should be installed on the Seller's property, the Seller shall be responsible for the installation, at the sole expense of the Procurer, of such metering facilities. The installation of the Procurer owned metering facilities on the Seller's side of the Net Metering Point shall be subject to the Seller's approval, which approval shall not be unreasonably withheld or delayed.

7. Despatch Instructions

- (a) The Procurer will be responsible to issue the Despatch Instructions for the Contract Capacity;
- (b) Each of the Despatch Instruction(s) shall at all times be given in accordance with Prudent Practices;

8. Deemed Availability / Deemed Generation

8.1 The Seller shall be deemed to be making the Actual Capacity equal to the Contract Gross Capacity available to the Procurer if De-energisation or the failure to make Contract Gross Capacity available to the Procurer is due to:

- (a) the Dispatch Instructions or failure to issue the Despatch Instruction by the Procurer; or
- (b) breach committed by the Procurer, of any of its obligations to the Seller under this Agreement;
- (c) if supply is restricted by any Govt./Statutory Body for reason attributable to Procurer;
- (d) If the Procurer is unable to avail the supply due to lower load

Provided such capacity is otherwise available;

8.2 Any deemed availability and or generation shall be reconciled on an annual basis as indicated in respect of the Contract Gross Capacity;

9. Term and Termination

9.1 Term

This Agreement shall enter into effect on the Commencement Date and shall remain in force till 30.09.2021, unless terminated earlier pursuant to terms and condition contained in this Agreement. The term shall be mutually extendable and reviewed.

9.2 Procurer's Default

Each of the following events shall constitute a Procurer's Default:

- (a) the failure of the Procurer to make payment in accordance with the Clause 4 within Ninety (90) days of the Due Date of Payment; or
- (b) a material breach by the Procurer of this Agreement which has a material adverse effect on the Seller, and (if capable of remedy) where the Procurer fails to remedy the same within sixty (60) days of notice to do so being given by the Seller (or such



- longer period approved by the Seller if the Procurer is diligently pursuing such remedy); or
- (c) any step is taken with a view to liquidation or bankruptcy of the Procurer unless either (i) it is for the purposes only of amalgamation or reconstruction on terms previously approved in writing by the Seller (such approval not to be unreasonably withheld) or (ii) the step taken is the issue of a winding-up petition by a third party and such action is being contested in good faith and such step does not adversely affect the ability of the Procurer to perform its obligations under this Agreement in any material respect; or
 - (d) the Procurer suffers an encumbrancer to take possession, or an administrator, an administrative receiver, a receiver or official liquidator is appointed [and if such appointment is being contested in good faith it has not been discharged within fourteen (14) days], in each case, in respect of all or substantial portion of its assets; or
 - (e) the Procurer is bankrupt or insolvent or generally unable to pay its debts as they fall due or stops, suspends or threatens to stop or suspend payment of all or a material part of its liabilities; or
 - (f) a termination by the Seller owing to any breach thereof committed by the Procurer to maintain the captive status;

9.3 Seller's Default

Each of the following events shall constitute a Seller's Default:

- (a) a material breach by the Seller under this Agreement, which has a material adverse effect on the Procurer, and (if capable of remedy) where the Seller fails to remedy the same within sixty (60) days of notice to do so being given by the Procurer (or such longer period of time, approved by the Procurer if the Seller is diligently pursuing such remedy); or
- (b) any step is taken with a view to liquidation of the Seller unless either (i) it is for the purposes only of amalgamation or reconstruction on terms previously approved in writing by the Procurer (such approval shall not to be withheld, delayed or conditioned) or (ii) the step taken is the issue of a winding-up petition by a third party and such action is being contested in good faith and such step does not adversely affect the ability of the Seller to perform its obligations under this Agreement in any material respect; or
- (c) the Seller suffers an encumbrancer to take possession, an administrator, an administrative receiver, a receiver or official liquidator is appointed [and if such appointment is being contested in good faith it has not been discharged within fourteen (14) days], in each case, in respect of all or substantially all of its assets; or
- (d) the Seller is insolvent or bankrupt or generally unable to pay its debts as they fall due or stops, suspends or threatens to stop or suspend payment of all or a material part of its liabilities; or

9.4 Termination by Seller

Upon the occurrence of a Procurer's Default under the Sub clause 9.2, the Seller may:

- (a) suspend performance of its obligations under this Agreement (including De-energising the Electricity Delivery Point) until the Procurer remedies such Procurer's Default, sell the Contract Capacity to other parties at the best available price in the



given circumstances and require the Procurer to indemnify the Seller (subject to the Seller using reasonable endeavors to mitigate its losses) in respect of any shortfall in price or other cost, expense or loss suffered by the Seller as a result thereof; and or

- (b) in the case of a Procurer's Default under any of paragraphs (a) and (b) of the Sub clause 9.2, deliver a Notice Of Intent To Terminate and a Termination Notice to the Procurer in accordance with the Sub clause 9.6; and/or
- (c) in the case of a Procurer's Default under any of paragraphs (c) to (f) (inclusive) of the Sub clause 9.2, terminate this Agreement with immediate effect by notice to the Procurer.

9.5 Remedies of Procurer

Upon the occurrence of a Seller's Default under the Sub clause 9.3 the Procurer may:

- (a) in the case of a Seller's Default under any of paragraphs (a) of the Sub clause 9.3, deliver a Notice Of Intent To Terminate and a Termination Notice to the Seller in accordance with the Sub clause 9.6; and/or
- (b) in the case of a Seller's Default under any of paragraphs (b) to (e) (inclusive) of the Sub clause 9.3, terminate this Agreement with immediate effect by notice to the Seller;

9.6 Termination Notices

- (a) Upon occurrence of a Seller's Default under any of paragraphs (a) of the Sub clause 9.3, or a Procurer's Default under either of paragraphs (a) and (b) of the Sub clause 9.2, as the case may be, that is not cured within the applicable grace period, if any, the other Party may, at its option, initiate termination of this Agreement by delivering a notice of its intent to terminate this Agreement (a "Notice of Intent to Terminate") to the defaulting Party. The Notice of Intent to Terminate shall specify in reasonable detail the Procurer's Default or the Seller's Default, as the case may be, giving rise to such notice;
- (b) Following the delivery of a Notice of Intent to Terminate, (i) the Parties shall consult for a period commencing on such delivery date of up to forty-five (45) days in case of a failure by either Party to make payments when due, and up to Ninety (90) days with respect to any other event of Default (or such longer period as the Parties may mutually agree), as to what steps shall be taken with a view to mitigating the consequences of the relevant event of Default taking into account all the circumstances. During the period following the delivery of the Notice of Intent to Terminate, the Party in default may continue to undertake efforts to cure the default, and if the default is cured at any time prior to the delivery of a Termination Notice in accordance with paragraph (c) herein below, then the non-defaulting Party shall have no right to terminate this Agreement in respect of such cured default;
- (c) Upon expiration of the consultation period described in paragraph (b) and unless the Parties shall have otherwise agreed or unless the Event of Default giving rise to the Notice of Intent to Terminate shall have been remedied, the Party having given the Notice of Intent to Terminate may terminate this Agreement by delivering a Termination Notice to the other Party.



9.7 Survival Provisions

Termination (however arising) shall not affect any rights or obligations, which have accrued prior to termination, including any in respect of antecedent breach, or are expressed to survive termination. The rights and obligations of the parties under this Clause 9 and under Clauses 4.7, 4.8 (but only as to the Parties' obligations to maintain records and data thereunder), 5.4(a), 5.4(b), 10.1, 10.2, 10.3, 11 (excluding Clause 11.6), 13 and 14 shall continue in force and effect notwithstanding termination of this Agreement;

10. Indemnification Obligation and Limitation of Liability

10.1 Title to and Responsibility for Energy

The title to, associated risk thereto and the full responsibility for all the Energy sold and or delivered to the Procurer at the Electricity Delivery Point shall pass to the Procurer at the Electricity Delivery Point;

10.2 Liability for Death or Personal Injury and Property Damage

Subject to Clauses 10.3 and 10.4, each Party (the "first party") shall indemnify, defend, and hold harmless the other Party and the directors, officers, employees and agents of such other party against any and all such loss, liability, damage, claim or expense (excluding any indirect or consequential loss, liability, damage, claim or expense), for death or personal injury and for loss in respect of physical damage to the extent that such loss, liability, damage, claim or expense is caused by the misconduct, willful default or gross negligence of the first Party including its employees, officers, agents and representatives;

10.3 Limitation of Seller's Liability

The Seller shall not be liable to the Procurer for any loss, liability, damage, claim or expense (including any loss, liability, damage, claim or expense for physical damage to property) arising from any failure by the Seller to supply the Energy to the Procurer or for interruptions in the supply of the Energy to the Procurer or for the failure to make the Contract Capacity available to the Procurer, except to the extent specifically otherwise provided in this Agreement;

10.4 Limitation of Liability

- (a) Save as otherwise provided herein, neither Party shall be liable to the other for any loss of profit, loss of use, loss of contract or loss of goodwill, or any other direct, indirect or consequential loss;
- (b) No officer, director, employee, agent or shareholder of either Party shall be liable for any act or omission of such Party or for such Party's failure to perform any of its obligations;
- (c) For the avoidance of doubt, nothing in this clause shall prevent or restrict either Party from enforcing an obligation (including suing for a debt) owed to it under or pursuant to this Agreement;
- (c) The Parties intend that this Agreement alone shall govern their respective rights and obligations under it and neither Party shall have any liability to the other in tort or other theory of liability, provided that this provision is not intended to constitute a waiver of any rights of one Party against the other with respect to matters unrelated to this Agreement;



11. **Force Majeure**

11.1 Definition

The term, in relation to a Party to this Agreement means any occurrence, event or circumstance, beyond the reasonable control of and without the causative fault or negligence of such Party, which results in such Party being unable to perform an obligation hereunder in the manner contemplated at the time the Agreement is entered into;

Such an occurrence, event or circumstance shall include the following to the extent that they satisfy the foregoing requirements:

- (a) acts of God, strikes, act of the public enemy, war declared or undeclared, threat of war, terrorist act, blockade, revolution, coup d'etat, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, typhoon, flood, earthquake, landslide or other sudden actions of the elements, or epidemic; or
- (b) explosions, or chemical contamination; or
- (c) radioactive contamination or ionising radiation; or
- (d) strikes, works to rule or go-slows which are either widespread, nation-wide or of a political nature; or
- (e) the expropriation, nationalisation or other compulsory acquisition or seizure by any Competent Authority of any assets or rights or any other act or default by any Competent Authority; or
- (f) any occurrence, event or circumstance of a nature analogous to any of the foregoing;

Provided however that:

- (i) strikes, lockouts, industrial action or labour disputes caused by the illegal act or omission of a Party shall not constitute Force Majeure in relation to such Party;
- (ii) inability of a Party to perform arising from non-performance by its contractor, sub-contractor, supplier, employee or agent shall not constitute Force Majeure unless such non-performance was caused by an occurrence, event or circumstance beyond the reasonable control and without the causative fault or the negligence or the causative failure to comply with Prudent Practices of the contractor, sub-contractor, supplier, employee or agent;

11.2 Consequences

- (a) If either Party is prevented for any period of time from performing any obligation in the manner contemplated at the time this Agreement or any amendment hereof is entered into by reason of Force Majeure, that Party shall not be in breach for so long as the Force Majeure and its resultant effects, if any, shall subsist, except as to prior obligations to pay money. The application of this Sub clause shall not affect any rights or obligations which may have accrued prior to such Force Majeure or, if such Force Majeure affects only some obligations, any other rights and obligations of the Parties;
- (b) Force Majeure preventing or impairing the Procurer's ability to operate the Steel Plant or accept Energy shall relieve it to that extent from the obligation to pay the Capacity Payment;



- (c) Force Majeure preventing or impairing the Seller from being available to generate or deliver Energy shall relieve it to that extent from the obligation to deliver the Active Energy;

11.3 Notices

The affected Party shall give notice to the other party promptly after becoming aware of Force Majeure giving details of the circumstances constituting Force Majeure and the likely duration of those circumstances, if known, and shall keep the other party informed of any changes in such circumstances. Each Party shall also notify the other of any events of which it is aware which may reasonably be expected, with the lapse of time or otherwise, to become Force Majeure;

11.4 Consultation

Following receipt of any notice pursuant to the Sub clause 11.3, the Parties shall consult in good faith to assess the Force Majeure and any ways in which the same might be avoided or its effects mitigated, having regard to each Party's rights and obligations under any relevant contract to which it is a Party;

11.5 Mitigation

Upon the occurrence of Force Majeure, the affected Party shall use reasonable endeavors to mitigate the effect of such Force Majeure;

11.6 Termination

In the event of Force Majeure rendering either the Seller unable to operate the Power Plant or the Procurer unable to operate the Steel Plant in accordance with Prudent Practices for a period of twelve (12) consecutive months or an aggregate of twelve (12) months in any period of twenty four (24) consecutive months, each of the Seller and the Procurer shall in both cases have the right to terminate the Agreement without incurring any liability to the other Party, except for liabilities that arose prior to termination due to reason of this Clause 11;

12. Representations, Warranties and Undertakings

12.1 Seller's representation and warranties

The Seller represents and warrants to the Procurer that:

- (a) it is duly incorporated and validly existing under the laws of India;
- (b) it has all requisite power and authority to conduct its business, to own its properties and to execute, to deliver and to perform its obligations under this Agreement;
- (c) this Agreement has been duly authorised, executed and delivered by it and constitutes a legal, valid and binding obligation upon it;
- (d) to the best of its knowledge, the execution and delivery of, and performance of its obligations under this Agreement, does not and, subject to the granting and maintenance of the relevant additional Consents in the future, will not constitute a violation of any Applicable Law to which it is subject or the Memorandum or Articles of Association of the Seller; and
- (e) the Seller's entry into, exercise of its rights or performance or compliance with its obligations will not constitute a violation of any agreement to which it is a party or which is binding on its assets;



12.2 Seller's undertakings

The Seller hereby undertakes that it shall:

- (a) operate and maintain the Power Plant in accordance with Prudent Practices, the Technical Specification and the Operating Procedures;
- (b) at all times so far as it is material to the Procurer hereunder, comply with all Applicable Laws;
- (c) keep proper books of record and account, in sufficient detail to permit the Procurer to calculate and verify the Capacity Charges and Energy Charges;
- (d) permit the Procurer or its accountants to examine all relevant books, records, reports and other papers of the Seller for the purpose of verifying the amount or calculation of the Capacity Charges or the Energy Charges. Any such examination by the Procurer shall be made during regular business hours and upon reasonable advance notice to the Seller. In connection with such examination, the Seller will permit the Procurer and its accountants to make copies and extracts of such books, records, reports and other papers and to discuss such matters with Seller's officers and employees;

12.3 Procurer's Representations and Warranties

The Procurer hereby represents and warrants that:

- (a) it is duly incorporated and validly existing under the laws of India;
- (b) it has all requisite power and authority to conduct its business, to own its properties and to execute, to deliver and to perform its obligations under this Agreement;
- (c) this Agreement has been duly authorised, executed and delivered by it and constitutes a legal, valid and binding obligation upon it;
- (d) to the best of its knowledge, the execution and delivery of, and performance of its obligations under this Agreement, does not and, subject to the granting and maintenance of the relevant additional Consents in the future, will not constitute a violation of any Applicable Law to which it is subject or the Memorandum or Articles of Association of the Procurer;
- (e) the Procurer's entry into, exercise of its rights or performance or compliance with its obligations will not constitute a violation of any agreement to which it is a party or which is binding on its assets; and

12.4 Procurer's undertakings

The Procurer undertakes that it shall:

- (a) operate and maintain its Metering System in accordance with Prudent Practices and, in the case of the Metering System and other electricity distribution system installed at its premises, consistently with the Technical Specification;
- (b) operate and maintain the Steel Plant in accordance with Prudent Practices, and the technical specifications and operating procedures of the Steel Plant;
- (c) at all times so far as it is material to the Seller hereunder, comply with all Applicable Laws;
- (d) obtain and maintain timely and reasonable records in relation to the Steel Plant in consultation with the Seller;



13. DISPUTE RESOLUTION

13.1 Negotiation

In the case of any dispute arising in connection with or out of this Agreement the Parties shall first endeavor to reach an amicable settlement through negotiation in a committee comprising representatives from the Procurer and the Seller. If the Parties are unable to reach an amicable settlement within thirty (30) days after the dispute first arose, then, if this Agreement specifically requires or permits that the matter to be resolved by an Expert, either Party shall have the right to refer the dispute to an Expert and, in the case of any other dispute, either Party shall have the right to have the dispute settled by arbitration;

13.2 Resolution by Expert

- (a) Any dispute referred to an Expert for decision ("the Decision") pursuant to the provisions of this Agreement shall be referred by notice served by either Party to the other, which notice shall provide a concise summary of the dispute;
- (b) The Expert shall be an independent engineer with experience in the design and operation of power plants in the event that the dispute relates to technical matters and shall be an independent financial consultant with experience in the development and financing of power projects in the event that the dispute relates to financial matters;
- (c) A Party wishing to appoint an Expert shall notify the other Party of the proposed appointee and the dispute or difference to be determined by him, the proposed terms of reference and the proposed remuneration;
- (d) If the Expert appointed does not wish to act, the procedure shall be repeated until an Expert is found who is eligible and willing to act. No person shall be appointed an Expert unless he is qualified by education, experience and training to determine the matter in question. No person shall be appointed, or shall continue his appointment, as an Expert if he has a material conflict of interest in relation to a Party or the matter which is to be determined;
- (e) The Expert shall be deemed not to be an arbitrator and the provisions of the Arbitration and Conciliation Act, 1996 and the said Act shall not apply to him, his procedure, or making or arriving at his Decision;
- (f) All costs and expenses of the Expert shall be borne equally and each party shall bear its own costs of preparing and making its submissions to the Expert;

13.3 Arbitration

- (a) If the dispute is not resolved through friendly consultations within thirty (30) days after commencement of discussions or such longer periods as the Parties agree in writing, or if there has been a Decision of an Expert pursuant to Clause 4.8 (d) then either Party may refer the dispute for resolution by arbitration by a sole arbitrator jointly appointed by the Parties. The arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996, or any statutory modification thereof. The venue for the arbitration shall be Mumbai. All proceedings in any such arbitration shall be conducted in English;
- (b) The arbitration award shall be final and binding on the Parties and the Parties agree to be bound thereby and to act accordingly
- (c) Where any dispute is pending under arbitration the same shall not excuse a Party from performing its obligations hereunder and the Parties shall continue to exercise their respective rights and fulfill their respective obligations under this Agreement;



14. MISCELLANEOUS

14.1 Assignment

- (a) The Seller shall be freely entitled, without the consent of the Procurer, to assign, charge and or otherwise encumber this Agreement or any rights interests or benefits arising thereunder or therefrom in favour of its lenders. Any such assignments, charges or encumbrances may include the right to make second or subsequent assignments, charges or encumbrances in favour of subsequent lenders or such parties as such lenders may direct and freely to enforce the same by way of sale or otherwise. The Procurer shall provide the Seller with such assistance as the Seller may from time to time reasonably request in relation to such party's financing arrangements with actual or potential lenders and shall co-operate fully with the Seller to that end;
- (b) Other than (a) herein above, neither Party shall be entitled to assign or transfer this Agreement to any third party without obtaining consent from the other. Such consent shall not be unreasonably withheld or delayed;

14.2 Governing Law

The rights and obligations of the Parties under or pursuant to this Agreement shall be governed by and construed according to the laws of India;

14.3 Waiver and Variation

- (a) No waiver by a Party of any provision of this Agreement shall be binding unless made expressly and expressly confirmed by it in writing. Any such waiver shall relate only to such matters of non-compliance or breach as it expressly relates to and shall not apply to any subsequent or other matter of non-compliance or breach;
- (b) No variation to this Agreement shall be effective unless made in writing and signed by both Parties;

14.4 Entire Agreement

This Agreement, including the Schedules shall constitute the entire agreement between the Parties, with respect to its subject matter and supersedes understandings between the parties with respect thereto;

14.5 Confidentiality Obligation

- (a) Each of the Parties shall hold in confidence all documents and other information whether technical or commercial which is of a confidential nature supplied to it by or on behalf of the other Party relating to the construction, operation, maintenance, management and financing of the Power Plant or the Steel Plant and shall not (save to prospective or existing lenders to, or investors in, such party or to the professional advisers of the parties hereto or of such lenders or investors, or any Expert or arbitrator appointed hereunder) publish or otherwise disclose or use the same for its own purposes, otherwise than as may be required to perform its obligations under this Agreement;
- (b) The provisions of paragraph (a) herein above shall not apply to: -
 - (i) any information required to be disclosed by any recognised stock exchange or by law;



- (ii) any information in the public domain otherwise than by breach of this Agreement;
 - (iii) information in the possession of the receiving Party thereof before disclosure by the other Party, and which was not obtained under any obligation of confidentiality; and
 - (iv) information obtained from a third party who is free to disclose the same, and which is not obtained under any obligation of confidentiality.
- (c) Each Party shall use its reasonable endeavors to procure the observance of the above restrictions by any person to whom disclosure is permitted pursuant to paragraph (a) of this Sub-clause 14.5, and each Party shall minimise the risks of disclosure of information of a confidential nature disclosed to it by the other Party by ensuring that only such of its officers and employees whose duties will require them to possess any of such information shall have access thereto, and that they will be instructed to treat the same as confidential;
- (d) At the request of the disclosing Party, the Party who received confidential information shall return all confidential information as is in tangible form (together with copies thereof within its possession or control) or dispose thereof in such manner as the disclosing party may by notice reasonably require;
- (e) The rights and obligations of the Parties contained in this sub-clause shall survive termination of this Agreement and shall continue in full force and effect for a period of three (3) years thereafter;

14.6 Notices

- (a) All notices or other communications between the Parties to be given or made under this Agreement shall be in writing, shall be addressed for the attention of the persons indicated below and shall either be delivered personally or sent by courier, registered or certified mail or facsimile. The addresses for service of the Parties and their respective facsimile numbers shall be:

If to Seller:

Head of Plant
JSW Energy Limited
Vijayanagar, Karnataka

If to Procurer:

Head of Plant
JSW Steel Limited
Vijayanagar, Karnataka

All notices shall be effective upon actual receipt save that where a notice is transmitted by facsimile to the receiving Party's facsimile number specified above and is received after 5.30 p.m. on a Business Day or on a day that is not a Business Day for the receiving Party, such notice shall be deemed to be received on the first Business Day following the date transmitted by facsimile to the receiving Party's facsimile number specified above;

- (e) Any Party may by notice change the addressees and or addresses to which such notices and communications to it are to be delivered or mailed;



14.7 Severability

If any provision of this Agreement or part hereof is rendered void, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

14.8 Further Assurances

The Parties shall each afford the other such co-operation and shall execute such documents as shall reasonably be necessary in order for the appointments, duties and obligations undertaken pursuant to this Agreement to be effected;

IN WITNESS whereof this Agreement has been duly executed and delivered the day and year first above written.

Signed by Seller

for **JSW ENERGY LIMITED**



Name: **K. Surya Prakash**

Designation: **Vice President & Head of Plant**

Signed by Procurer

for **JSW STEEL LIMITED**



Name: **M.R.M. Warriar**

Designation: **Sr. Vice President – F&A**

In the presence of:



Name: **M. SUDARSHAN**

Designation: **OGM - F&A**



Name: **K. Subramanyam**

Designation: **Sr. manager (F&A)**



SCHEDULE 1

Electricity Delivery Point

The Electricity Delivery Point shall be at 220/400 KV side of Step down transformers at JSWEL Substation connecting to JSW Steel's Distribution System



SCHEDULE 2

Operating Committee

1. Membership of the Operating Committee

Within 1 month after the execution and delivery of this Agreement, the Parties shall establish an Operating Committee comprising 4 members. Each Party shall designate 2 members to represent it on the Operating Committee, and either party may remove or replace any of its Operating Committee members at any time upon notice to the other party. The Operating Committee shall develop procedures for the holding of meetings, the keeping of minutes of meetings and the appointment and operation of sub-committees. The Chairman of the Operating Committee shall be nominated by the Seller. Decisions of the Operating Committee shall require the approval of a majority of members of the Operating Committee. The Chairman shall not exercise a casting vote. Disputes arising in the Operating committee shall be referred to the CEOs of the respective parties, for determination. If the CEOs fail to reach a decision within 7 days, either party may refer the dispute to the Expert for determination.

2. Operating Procedures

The Operating Committee shall be responsible for developing the Operating Procedures. The Operating Procedures will be based on and be consistent with the specification for and design of the Power Plant and will deal with all operational interfaces between the Procurer and the Seller including:

- (i) the Seller's declaration of availability of the Power Plant;
- (ii) the issue of Despatch Instructions
- (iii) the method of day-to-day communication;
- (iv) key personnel lists and clearances;
- (v) switching practices;
- (vi) operations log;
- (vii) reactive power support;
- (viii) steps to be taken on the occurrence of events of Force Majeure, or the shutdown or reduction in capacity for any reason
- (ix) develop examples for calculation of Deemed Generation on daily, monthly and annual basis;
- (x) develop sample calculations and examples of Capacity and Energy Charges under Schedule 3.
- (viii) review of the Seller's planned Scheduled Maintenance Periods and Maintenance Periods;
- (ix) safety procedures;
- (xi) detailed procedures for testing the Metering Systems;
- (xii) emergency procedures at the Steel Plant as well as the Power Plant.
- (xiii) Review of Prudent Practices from time to time



SCHEDULE 3

Calculations of Capacity Payment, Energy Charge and Taxes

A. Capacity Charges

1 Estimate and Reconciliation

- 1.1 The Capacity Charges in respect of each month shall be an amount equal to one twelfth of the Seller's estimate of the aggregate of the Fixed Costs in respect of the Contract Year. In case of Contract year having less than 12 months, say in the first year and last year of the Term of the Agreement, the monthly Capacity Charges shall be the equal to the prorated Fixed Costs equally distributed over the months in the year.
- 1.2 The Procurer shall ensure offtake of minimum 85% of Contract Net Capacity. However, in case of shortfall in consumption below 85%, the Procurer shall pay full Capacity Charges every month, subject to reconciliation at the end of the year. For power consumption between 85% to 100% of Contract Net Capacity incentive of Rs.0.50 /unit is payable instead of Capacity Charge, subject to reconciliation at the end of the year.
- 1.3 The Capacity Charges will be comprising of following:
- (a) Depreciation – As per CERC norms @5.28% for first 12 years and thereafter over balance life of the plant with 10% residual value.
 - (b) Interest on Term Loan - Amount of depreciation to be treated as repayment and interest rate as per actuals on the outstanding loan (including exchange variation /hedging cost). As on 1st April 2018 the outstanding loan would be considered as Rs.515 Cr.
 - (c) O & M Expenses: O&M expenses shall be as per CERC norms. A discount of 20% would be provided on the above towards spares, which would be considered on actual basis. Accordingly, the O&M cost would be Rs.21.11 Lakh/MW/Annum for FY 2018-19.

The above O&M expenses include water charges as applicable on 01.04.2018. Any increase in water charges would be passed on to JSWSL in proportion to its capacity. Yearly escalation in O&M cost shall be as per CERC norms.
 - (d) Return on Equity – at 15.5% on 30% of the project cost (post-tax as per CERC norms). For this purpose, the total equity would be considered as Rs.945 Cr.
 - (e) Interest on Working Capital – As per CERC norms which is SBI Base Rate + 350 Basis points as on 1st April 2018.

Working capital would be: Cost of Coal for 1 month or 1,10,000 Ton whichever is lower + Cost of Secondary oil for 2 months at normative plant availability + Maintenance spares @ 20% of O&M cost + O&M cost for 1 month+ Receivable for 1 month
 - (f) Tax on Return on Equity

Income Tax on ROE shall be calculated as follows:

Grossed up Return on Equity (based on applicable tax rate) X Rate of income tax applicable for the Power Plant
 - (g) Other taxes and duties - As per actuals for each year as applicable to Power Plant including but not limited to Goods and Service tax, electricity tax, Surcharge/cess levied on account of supply of power as applicable from time to time etc. All applicable taxes shall be reimbursed to the Seller.

Any additional capex incurred in future in line with CERC guidance and mutual discussion



including for compliance of environment norms would be charged to the Procurer in proportionate to the Contracted Capacity and the tariff for such additional capex would be calculated as above.

B. ENERGY CHARGES

The Energy Charges shall be payable by the Procurer at actuals as per below formula

- (a) Station Heat Rate (A) –Actual Gross Heat Rate in Kcal/Kwh
- (b) Gross Calorific Value (B) in Kcal/ Kg as measured at Coal bunker
- (c) Landed cost of Coal/Gas (C)– cost of coal/gas including any additives delivered at plant in Rs./Ton including any demurrage charges
- (d) Energy Charge (E) – in Rs/KWh for each month shall be calculated as below:

$$E = [(A/ B) \times C]/(1-X) + \text{Cost of Secondary Oil} + \text{cost of actual transit and handling losses}$$

Where, X is the Actual Auxiliary Power Consumption

The calculation of energy charge would be shared with the Procurer

