

Memorandum of Understanding BETWEEN the Government of Orissa and M/s Brahmani River Pellets Limited for establishment of an Iron Ore Pelletisation Complex at Tonto, Nalda in the district of Keonjhar and at Kalinga Nagar Industrial Complex, Duburi in the district of Jajpur in the State of Orissa

This Memorandum of Understanding is made on this 15th day of March, 2007 BETWEEN Governor of Orissa, hereinafter referred to as the Government of Orissa (GoO) on the one part AND M/s Brahmani River Pellets Limited (BRPL), a company registered under the Companies Act, 1956 having its registered office at Plot No.3915, Lewis Road, Kedargouri Square, Bhubaneswar - 751 014 (hereinafter referred to as BRPL, which expression shall, unless, repugnant to the context or meaning thereof, include its successors, executors, administrators, representatives and permitted assignees) of the other part, BRPL is proposing to set up a 4 Million Tonnes Per Annum (MTPA) Iron Ore Pelletisation Complex at Tonto, Nalda in the district of Keonjhar and at Kalinga Nagar Industrial Complex, Duburi in the district of Jajpur with total investment of Rs.1485.00 Crore.

2. (a) BRPL is desirous to set up a 4 Million Tonnes per Annum (MTPA) Iron Ore Pelletisation Complex at a cost of Rs.1485.00 Crore comprising of the following :
 - (i) 4.00 Million Tonnes per Annum Iron Ore Beneficiation Plant at Tonto Village in Barbil Tehsil in the district of Keonjhar.
 - (ii) 200 Kms Iron Ore Slurry Pipeline from Barbil to Jajpur.
 - (iii) 4.00 Million Tonnes per Annum Pelletisation Plant at Kalinga Nagar Industrial Complex, Jajpur.
- (b) The project will go into commercial production within 4 years from the date of signing of the Memorandum of Understanding.
- (c) Within three months of signing this MoU, BRPL shall prepare in consultation with the representatives of Orissa Industrial

Promotion and Investment Corporation (IPICOL) /Orissa Industrial Infrastructure Development Corporation (IDCO) detailed milestones in the form of annual break up of the physical and financial targets to be achieved and furnish the same to the Government of Orissa (GoO) for monitoring.

3. This Memorandum of Understanding (MoU) reaffirms the commitment of BRPL to establish an Iron Ore Pelletisation Complex and assistance of Government of Orissa (GoO) for providing land and other facilities.
4. The major areas of co-operation between the Government of Orissa (GoO) and BRPL are listed below :

(A) LAND

- (a) BRPL will require approximately ;
 - (i) 114 Acres of land towards setting up a Beneficiation Plant at Tonto Village, in the district of Keonjhar.
 - (ii) 165 Acres of land towards setting up a Tailing Dam at Nalda, under Barbil Tehsil in the district of Keonjhar for storing waste water after beneficiation.
 - (iii) 100 Acres of land towards setting up a Pelletisation Plant at Kalinga Nagar, Jajpur.
 - (iv) Required land towards setting up an Intake Well (Pump House) from river Baitarani at a suitable location in Keonjhar district.
- (b) It is noted that the land required for Pellet Plant has been identified by BRPL at Kalinga Nagar Industrial Complex which is already in the possession of IDCO. Accordingly, 100 Acres of land at Kalinga Nagar Industrial Complex shall be handed over to BRPL on payment of the amount as advised by IDCO. For the balance land required for Beneficiation and Tailing



IDCO will assist BRPL for acquisition / alienation of land as needed.

- (c) For rehabilitation of displaced families, rehabilitation and resettlement package would be implemented as per the policy/ guidelines issued by the Government of Orissa (GoO) from time to time.
- (d) The Government of Orissa (GoO) agrees to handover the requisite quantum of land in phase manner with reference to the detailed land use plan to be submitted by BRPL and appraised by IPICOL, free from all encumbrances to BRPL through Orissa Industrial Infrastructure Development Corporation (IDCO) for construction of the Plants and allied facilities on payment of cost as to be assessed by IDCO and Government of Orissa (GoO), subject to availability of the same.
- (e) BRPL agrees to pay IDCO or the Revenue authorities the cost of land and properties (if standing thereon), IDCO's administrative charges, annual ground rent and cess to be assessed by the competent authority at the admissible rates.

(B) RAW MATERIALS

IRON ORE

BRPL does not require any Mining lease/linkage for Iron Ore. It proposes, to source its requirement of Iron Ore Fines directly from the existing iron ore lessees/traders in the State by its own arrangement.

(C) WATER

- (i) The Government of Orissa (GoO) through Water Resources Department will identify suitable water source from river Baitarani for drawl of water to meet the requirement of the

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Project for its construction needs, operation of the Plants, as well as auxiliary requirement for services and related facilities.

- (ii) The approximate requirement of water will be 480 Cum/hr from River Baitarani during the construction and operation of the Beneficiation Plant.
- (iii) Drawal of water for the plants will be facilitated by the Government of Orissa (GoO) through the Water Resources Department and Orissa Industrial Infrastructure Development Corporation (IDCO) in consultation with BRPL.
- (iv) BRPL will make its own arrangement for drawal of water from river Baitarani at a suitably identified location along with necessary facilities such as Pump House, Pipeline etc. to its Beneficiation Plant Project Site.

(D) POWER

The total estimated requirement of Power for the Beneficiation Plant at Tonto is 18.5 MW and for the Pellet Plant at Jajpur is 18.5 MW. The Government of Orissa (GoO) will advise GRIDCO/Concerned Distributing Companies to supply the required power to the plants on application and fulfillment of requisite commercial and technical conditionalities involved in power purchase by BRPL.

(E) ENVIRONMENT

- (i) The Government of Orissa (GoO) agree to facilitate BRPL in obtaining No Objection Certificate (NOC) through the State Pollution Control Board for the Construction of the Plant and Housing Colony, Pipeline and other allied Project activities etc.



- (ii) The Government of Orissa (GoO) agree to facilitate BRPL in obtaining all clearances from the Central Government.
- (iii) BRPL will arrange to conduct Environment Impact Assessment (EIA) and Detailed EIA Study to prepare Environmental Management Plan (EMP) for the Project.

(F) INCENTIVES AND CONCESSIONS

BRPL understands that the Government of Orissa (GoO) may consider such incentives and concessions as are provided in the relevant Industrial Policy Resolution (IPR) of the Government of Orissa (GoO).

(G) GENERAL CLAUSES

- (a) The Government of Orissa (GoO) appreciate that BRPL is fully committed to the proper resettlement and rehabilitation of the Project affected households. Accordingly, BRPL will implement a model programme, in conformity with the Government of Orissa (GoO)'s policy/guidelines for the resettlement and rehabilitation of the households affected by the project ensuring in particular, their livelihood security. BRPL will also take appropriate mitigation measures to ensure that local environment of the project areas is not adversely affected by the Industrial and mining activities.
- (b) The Government of Orissa (GoO) appreciate that BRPL is a responsible corporate house with a high involvement in employee's welfare and social development. The Government of Orissa (GoO), therefore, anticipate that BRPL will bring this philosophy to the project being set up at Tonto and Nalda of Barbil Tahsil of Keonjhar district and at Kalinga Nagar Industrial Complex, Duburi in Jajpur district in the State of Orissa to ensure the well being of those areas in particular and the people of Orissa in general.



- (c) In the matter of employment, preference will be given to the people of Orissa as well as local persons subject to need and their possessing the necessary qualifications. BRPL will make every effort to improve their skill levels, if necessary, through specialized training for this purpose, for which a Nodal Agency or Officer will be nominated by the Government of Orissa (GoO) to co-ordinate with the BRPL.
- (d) BRPL will be entitled to induct suitable Foreign or Indian Joint Venture partners, choose appropriate financial options, suppliers, credit options and technologies in the best interest of the Project in accordance with the Law.
- (e) BRPL shall effect sale of all its products (including inter state sales) in the state of Orissa and shall not effect any branch transfer of its products to outside the State. These stipulations are not, however, applicable to export of finished products outside the country.
- (f) The MoU shall remain valid for a period of two years from the date of signing. Further extension, if necessary, shall be made as per mutual agreement. However, no such extension shall be consider unless BRPL has made substantial progress on the implementation of the Project in terms of construction, erection of plant and machinery and investment at sites to the satisfaction of the Government of Orissa (GoO) in these two years in implementing the project as envisaged in this MoU.
- (g) BRPL shall be required to produce documents towards financial closure within one year of signing of MoU.
- (h) In the event of non-implementation of the Project or part there of, the corresponding support or commitment of the Government of Orissa (GoO) indicated in the MoU with

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regards to land, water, power, incentive and concessions of the Government of Orissa (GoO) in particular, shall be deemed to be withdrawn.

- (i) The MoU shall be terminated or ceased to exist in the event BRPL commits any material breach of its obligation under this MoU and fails to make good such breach within 30 days of the notice of the Government of Orissa (GoO) for such purpose.
- (j) It shall be obligatory on BRPL to furnish all information required by the Government of Orissa (GoO) relevant to planning, formulation, layout, financing and implementation of the project as well as the financial and management status and performance of BRPL as and when so required by the Government of Orissa (GoO) as expeditiously as possible.
- (k) BRPL agrees to facilitate participation of small and medium Industries within the State for providing products and services required for the Project during its construction and implementation phase as well as during the operation and to promote the ancillary and downstream industries within the State.
- (l) BRPL, while implementing the project undertakes to comply with all statutory requirements and clearances in respect of laws, rules and regulations and procedures governing establishment and operation of Industries.
- (m) BRPL shall comply with all applicable laws, relevant notification and policies of the Republic of India and the Government of Orissa (GoO) including more specifically those relating to Forest & Environment, Mining, Schedule area, Rehabilitation and Socio-economic development in the periphery of the project.

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- (n) BRPL shall have its registered office for Orissa project in Bhubaneswar or any suitable place in Orissa.
- (o) BRPL also agrees to make suitable contribution towards augmenting the administrative and developmental infrastructure of the project area during the construction period in order to facilitate smooth implementation of the project. This will be decided jointly in consultation with the Government of Orissa (GoO), representative in the Steel & Mines Department, IDCO and the District Administration.
- (p) BRPL will cooperate with Government of Orissa (GoO) in fulfilling its obligation under the Apprentice Act and also assist in State level manpower planning by indicating its medium and long terms requirements.

IN WITNESS WHEREOF the parties hereto have set their hands to this MoU on this 15th day of March, 2007.

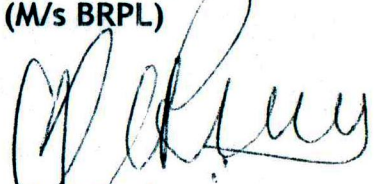
Signed by Officer acting in the
premises for and on behalf of
Governor of Orissa



(L. N. Gupta)

Commissioner-Cum-Secretary
Department of Steel & Mines

For and on behalf of
M/s Brahmani River Pellets Limited
(M/s BRPL)



(K. V. Rao)

Managing Director

WITNESS :

1.

Address

2.

Address

WITNESS :

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