

**Tripartite Agreement between the
Government of India, Government of Andhra Pradesh
and The Singareni Collieries Company Limited
during X Plan period**

This Agreement made this the 19th day of October 2004 between the PRESIDENT OF INDIA, hereinafter referred to as 'the Government' (which expression shall, where the context so admits, include his successors and assigns) of the first part, the GOVERNOR OF ANDHRA PRADESH, hereinafter referred to as 'the State Government' (which expression shall, where the context so admits, include his successors and assigns) of the second part and THE SINGARENI COLLIERIES COMPANY LIMITED, a Company incorporated under the Companies Act, 1956, having its Registered Office at Kothagudem Collieries, hereinafter referred to as 'the Company' (which expression shall, where the context so admits, include its successors and the person or persons for the time being in control and management of the affairs and/or assets of the Company and permitted assigns) of the third part. This Agreement will remain valid until the end of the X Plan, i.e., up to 31.3.2007.

WHEREAS at the request of the State Government and the Company, the Government had granted loans and contributed to the equity of the Company as per Agreements dated 10th June, 1974, 13th December, 1977, 31st March, 1985, 10th February, 1989, 24th September, 1994 and 11th January, 2002 for expansion schemes in earlier Plan periods as indicated below:

Particulars	(Rs. in crores)	
	As per Agreement	Actual Drawals
A. Prior to V Plan :		
Equity	--	2.72
Loan	--	10.65
Total	--	13.37
B. V Plan (1974-75 to 1978-79):		
Equity	9.33	9.33
Loan	46.92	58.27
Total	56.25	67.60
C. Rolling Plan & VI Plan:		
Equity	31.00	31.00
Loan	232.57	215.22
Total	263.57	246.22

D. VII Plan (1985-86 to 1989-90):		
Equity	54.00	52.00
Loan	526.00	458.00
Total	580.00	510.00
E. Rolling Plan (1990-92)		
Equity	37.00	37.00
Loan	368.00	368.00
Total	405.00	405.00
F. VIII Plan (1992-93 to 1996-97)		
Equity	458.00	458.00
Loan	487.00	553.36
Total	945.00	1011.36
G. IX Plan (1997-98 to 2001-02)		
Equity	257.51	257.51
Loan	128.72	126.59
Total	386.23	384.10
Grand total	2636.05	2637.65

AND WHEREAS the Company do hereby acknowledge receipt of a sum of Rs.2637.65 Crores from the Government till the end of IX Plan towards loan & equity and confirms that it has repaid all the outstanding loans and interest payable thereon to the Government except a sum of Rs.663.34 crores towards interest accrued on loan during the VIII Plan for payment of which moratorium was allowed up to 31st March 2007.

AND WHEREAS the State Government had also contributed to the equity of the Company a sum of Rs 885.64 crores under the agreements dated 10th June, 1974, 13th December, 1977, 31st March, 1985, 10th February, 1989, 24th September, 1994 and 11th January, 2002. As no budgetary support is envisaged from the Government and State Government to the Company during X Plan period, the shareholdings of the Government and the State Government in the equity share capital of the Company would continue to be as under during the X Plan period.

(Rs. in crores)

Period	Govt. of A.P	Govt. of India	Total
a) Invested upto 31-3-90	97.69	95.05	192.74
b) Investment from 1-4-90 to 31-3-92	32.95	37.00	69.95
c) Investment from 1-4-92 to 31-3-97	487.00	458.00	945.00
d) investment from 1.4.97 to 31.3.02	268.00	257.51	525.51
Total till 31st March 2002	885.64	847.56	1733.20

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS;

- (1) The equity participation between the State Government and the Government in the Company shall continue to be in the ratio of 51 : 49.
- (2) The Company do hereby confirm that the funded interest of Rs.663.34 crores outstanding as on 31.3.97 accruing on Gov loan during the VIII Plan period is payable in 10 equal annual instalments starting from the financial year 2007-08.
- (3) The funded interest of Rs.663.34 crores for payment of which moratorium was granted by the Government up to 31.3.2007 shall continue to be secured by a first charge in favour of the Government created by way of equitable mortgage on the immovable assets of the Company as on the date of this Agreement as well as those to be acquired till the payment of such interest with the exclusion of 300 Acres of free hold land required for the Company to implement welfare schemes for its employees. However, the Company shall take prior approval of the Government to dispose any of the remaining immovable assets in any manner.
- (4) The State Government shall guarantee the payment of instalments of funded interest of Rs.663.34 crores by the Company on the terms and conditions imposed while granting moratorium for its payment.
- (5) The State Government shall sanction mining leases expeditiously to the Company and also renew the mining leases wherever necessary without delay. No extraneous conditionalities shall be attached thereto. The clearance for forest land required for the mining projects shall be done expeditiously to avoid delays in the execution of the projects sanctioned for and undertaken by the Company.

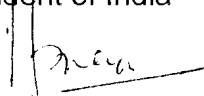
- (6) The State Government shall continue to extend the existing concessions in payment of Property tax and Service tax levied by the local authorities on the buildings/structures of the Company in colliery areas during X Plan.
- (7) The State Government shall appoint the Chairman & Managing Director of the Company with the prior concurrence of the Government for an initial term of three years extendable by another two years by mutual consent. Any reduction of the tenure of the Chairman & Managing Director shall also require the prior concurrence of the Government.
- (8) The State Government shall nominate 6 Directors including 4 functional Directors as per "Rules for Selection of Functional Directors in the SCCL" and the Government shall nominate 3 Directors on the Board.
- (9) The Government and the State Government shall assist the Company in recovery of outstanding coal dues from the Public Sector Undertakings and other Government Agencies.
- (10) The Company shall obtain sanction of the Government:
 - a. For the Annual Plan; and
 - b. For every project/scheme involving a capital expenditure of above Rs.100 crores (Rupees hundred crores).
- (11) For the purpose of clause 10(a) above, the Company shall prepare the Budget Estimates for each financial year in such form as may be prescribed by the Government giving inter-alia expenditure against each sub-head of each head and main head, both in respect of works under progress and new works to be undertaken in a particular year and send such Budget Estimates to the Government for approval before incurring any expenditure thereon. In regard to the projects/schemes, valuation of which would be more than Rs.100 crores (Rupees hundred crores) referred to at clause 10 (b) above, the Company shall submit its proposals to the Government in such form as may be prescribed by the Government.

- (12) (a) After the budget estimate is approved and within the limits of budget estimate, it shall be open to the Board of Directors of the Company to make reallocation within reasonable proportions from one sub-head to another but it shall not be open to the Board to introduce on its own, a new sub-head of expenditure without reference to the Government unless the proposed expenditure on the new sub-head is under Rs.10,00,000/- (Rupees ten lakhs only) and the total of all such new sub-heads does not exceed Rs. 50,00,000/- (Rupees fifty lakhs only) in a particular year.
- (b) The Board shall be empowered to approve variation in the cost of the project originally approved by the Government as well as by itself, provided that the variance does not exceed 10% of the original sanctioned cost of the project's particular capital head and can be on account of change in scope of work/configuration of equipment as envisaged in any of the capital heads of the sanctioned FR of the project.
- (13) The performance of the Company shall continue to be reviewed by the Government as per the relevant guidelines of the Government.
- (14) The Company shall continue to have project monitoring on the lines prescribed by the Government.
- (15) There could be interchange of officers between the Company and the Coal India Limited.
- (16) The Company may avail of the training facilities of the Coal India Limited.
- (17) The Company shall take immediate steps to carry out such further alterations in the Memorandum and Articles of Association of the Company as may be necessary for the purpose of this Agreement.
- (18) It is hereby further agreed that the earlier Agreements entered between the Government, the Coal India Ltd., the State Government and the Company shall stand superseded or modified to the extent any of the provisions therein are repugnant to this Agreement.

(19) The Government and the State Government have agreed to bear the Stamp Duty payable on this document.

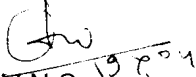
IN WITNESS WHEREOF the parties to these presents have set and subscribed their respective hands and seals the day, month and year first above written.

For and on behalf of the
President of India


(P.C. Parakh)
Secretary, Dept. of Coal

P. C. PARAKH
Secretary
Ministry of Coal & Mines
Department of Coal

Signed, sealed and delivered
in the presence of Govt. of India, New Delhi


(A.P.V.N. Sarma)
Joint Secretary (Coal)

भारत सरकार का
मंत्रालय, कोयला
संयुक्त सचिव, कोयला
विभाग, नई दिल्ली
भारत सरकार का
मंत्रालय, कोयला
संयुक्त सचिव, कोयला
विभाग, नई दिल्ली

For and on behalf of the
Governor of Andhra Pradesh


(Mohan Kanda)
Dr. **MOHAN KANDA, IAS.**
Chief Secretary to

Govt. of Andhra Pradesh,
Secretariat, Hyderabad-22.

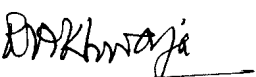
Signed, sealed and delivered
in the presence of


(Deepak Kumar Panwar)
Principal Secretary to Govt.

Deepak Kumar Panwar, I.A.S.,
Principal Secretary to Government,
Energy Department
A.P. Secretariat, Hyderabad-500 022

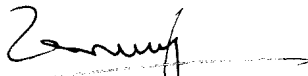
The common seal of The Singareni Collieries Company Limited is affixed in the presence of Sri R.H.Khwaja, Chairman & Managing Director and Sri K.Raghu N.Chary, Director(Finance) pursuant to the resolution of its Board of Directors passed in the meeting held on 26.3.2003.

For and on behalf of The Singareni Collieries Company Limited



(R.H. Khwaja)

Chairman & Managing Director

R. H. KHWAJA, IAS
Chairman & Managing Director
The Singareni Collieries Company Limited
Khairatabad PO; Hyderabad - 500 024.


(K. Raghu N. Chary)
Director (Finance)

THE SINGARENI COLLIERIES COMPANY LIMITED
KOTRAHI ROAD, KHAIRATABAD, HYDRABAD - 507 101
Khammam Dist. (A.P.),


19/10/04
(J. Rama Krishna)
Company Secretary

**Addendum to
Tripartite Agreement between
the Government of India, Government of Andhra Pradesh and
The Singareni Collieries Company Limited
during X Plan period**

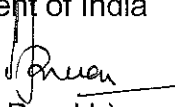
WHEREAS the Board of Directors of The Singareni Collieries Company Ltd., in the meeting held on 28.12.2004 has accorded approval for enhancing strength of Directors from existing 10 to 11 by following due procedure for bringing the post of Director (Electrical & Mechanical) on the Board subject to approval of Govt. of A.P., and Govt. of India. The Energy Dept., of Govt. of Andhra Pradesh while agreeing to the proposal, has requested Govt. of India to convey its approval for the proposal vide letter No. 809/Pr.I(2)/2005-1 dt.22.3.2005. Ministry of Coal, Govt. of India has accorded approval to the proposal vide letter No. 39011/1/2005-CA dt.6.5.2005 with the condition that the Tripartite Agreement between the Govt. of India, Govt. of Andhra Pradesh and The Singareni Collieries Company Ltd., would be suitably amended. The shareholders of the SCCL in the Extraordinary General Meeting held on 16.6.2005 accorded approvals for amendment of Article-84 of Articles of Association of the Company for increasing the strength of Directors on the Board from 10 to 11 and for amendment of clause-8 of Tripartite Agreement as under;

“The State Government shall nominate 7 Directors including 5 functional Directors as per ‘Rules for Selection of Functional Directors in the SCCL’ and the Government shall nominate 3 Directors on the Board.”

This addendum forms part of the Tripartite Agreement executed on 19.10.2004 and shall be kept along with the original agreement.

IN WITNESS WHEREOF the parties to these presents have set and subscribed their respective hands and seals at their respective places on the day, month and year written.

For and on behalf of the
President of India



(P.C.Parakh)

Secretary, Ministry of Coal

प्रधान मंत्री कार्यालय/P.C. PARAKH

सचिव/Secretary

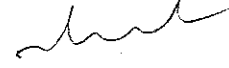
कोयला मंत्रालय/Ministry of Coal

भारत सरकार/Govt. of India

नई दिल्ली/New Delhi

Signed, sealed and delivered
in the presence of

For and on behalf of the
Governor of Andhra Pradesh



(Dr. Mohan Kanda)

Chief Secretary to Govt.

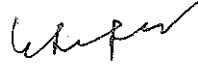
Chief Secretary to Govt. of A.P.

Genl. Admn. Department

A.P. Secretariat,

Hyderabad-500 022.

Signed, sealed and delivered
in the presence of



(K.S.Kropha)

Joint Secretary

Ministry of Coal

के एस.क्रोफा/K.S.KROPHA

संयुक्त सचिव /Joint Secretary

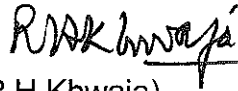
कोयला मंत्रालय/Ministry of Coal

भारत सरकार/Govt. of India

नई दिल्ली/New Delhi

The common seal of The Singareni Collieries Company Limited is affixed in the presence of Chairman & Managing Director and Director (Finance) pursuant to the resolution of its Board of Directors passed in the meeting held on 26.3.2003.

For and on behalf of The Singareni Collieries Company Limited



(R.H.Khwaja)

Chairman & Managing Director

Chairman & Managing Director,

The Singareni Collieries Co. Ltd.,

Singareni Bhavan Red Hills,

Khairatabad P.O; Hyderabad-500 001



(K.Raghu N.Chary)

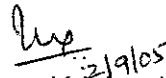
Director (Finance)

DIRECTOR (FINANCE)

THE SINGARENI COLLIERIES CO. LTD.,

KOTHAGUDEM COLLIERIES P.O. - 507 101

Khammam Dist. - A.P.



(J.Rama Krishna)

Company Secretary

COMPANY SECRETARY

THE SINGARENI COLLIERIES CO. LTD.,

Registered Office, Head office Building

KOTHAGUDEM COLLIERIES, P.O. 507 101