

Jindal Steel and Power terminates contract with Bolivian Govt.

- *The termination comes due to the anti-investor friendly attitude of the Bolivian Government*

New Delhi, December 17, 2012: Jindal Steel Bolivia (JSB), a subsidiary of Jindal Steel & Power Ltd., on July 16, 2012 terminated the contract signed with the Bolivian Government for investment of US\$ 2.1 billion for the El Mutun mines.

The termination comes in the wake of the issuance of a letter to the Govt. of Bolivia on June 8, 2012 conveying its intention to terminate the contract due to the non-fulfillment of contract conditions on the part of the Bolivian government.

As per terms of the Joint Venture Contract, the Govt. of Bolivia had 30 days time to resolve the issues failing which JSPL could terminate the contract within 7 working days thereafter. The company took the decision, after all its efforts to resolve the issues and take the project forward did not meet with success. Due to the non-fulfillment of the contractual obligations and unwillingness to fulfill the contract on the part of the Govt. of Bolivia, JSPL has been forced to terminate the contract.

JSPL had signed a Contract with the Government of Bolivia in the year 2007 for investing US \$ 2.1 Billion in Iron Ore Mining, Pelletization (10 million ton per annum), DRI (6 million ton per annum) and Steel making (1.7 million ton per annum). This was the single largest foreign investment in Bolivia.

As per the contract, Govt. of Bolivia was to sign an agreement for supply of natural gas required for the project - 10 million cubic metre per day (MCD) within 180 days of signing of the contract. The same has not been signed till date. The Govt. of Bolivia was willing to commit only 2.5 MCD of gas (as against a total requirement of 10 MCD) from 2014 onwards due to non-availability of gas in the country, whereas the company was being asked to make investment as per capacities originally envisaged under the Joint Venture Contract. Also, the Govt. of Bolivia did not provide the agreed contract area for setting up the steel project till date.

In view of the aforesaid breaches of the Bolivian Government and its entities, the company intends to pursue international arbitration relating to the contract.

For further information, please contact - Vivek Sharma@ 9818552437
Vivek.sharma@jindalsteel.com
