

SUZLON ENERGY LTD.

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SEL/MKT/MUM/ESSEL
August 22, 2004

Shri Ramesh Aggarwal
Sr. Vice President (F & C)
ESSEL MINING & INDUSTRIES LTD
Industry House Camac Street
Kolkata 700 017

Sub: Responses to your letter dated 17th August, 2004

Dear Sir,

This is with reference to your letter dated 17th August 2004, wherein you have raised certain queries regarding your upcoming Wind Power project in Maharashtra. Please find our responses as the following:

- 1) Regarding your query for the type of machine that is being offered (S-70), though we would be introducing the machine for the first time in India, you may be rest assured that the machine supplied would be better than our previous ones in terms of its performance, durability and technical specification. S-70 module comes with the highest turbine capacity of 1250 kW. We enclose the specification of the machine.
- 2) Regarding your queries for the Clean Development Mechanism under the Kyoto Protocol. For the investors in wind power energy it is of utmost importance to earn revenue from sale of carbon credits as it contributes to mitigate the financial and other operational risks involved. Despite due caution in project technical design and financial packaging, wind projects run the risk of failure due to unforeseen pattern of wind and its actual availability. We strongly urge you to structure the wind power project as a CDM.

We hope we have answered your questions and please do not hesitate to contact us should you have any other questions or comments.

Thanking you,

Yours faithfully
For **SUZLON ENERGY LIMITED**

M. P. Dhruv
AGM - Marketing

ARTICLE 18

CLEAN DEVELOPMENT MECHANISM (CDM)

AND SUBSIDY.

Section 18.01 CDM

The Project must be posed for CDM benefits wherever applicable. Seller and MSEB will compile all the documents required for obtaining CDM benefit.

Section 18.02 CDM Benefit

MERC shall be approached to review the tariff structure once the project becomes eligible for CDM or similar credits and any mechanism for sharing of CDM or similar credit between the Seller and Board. The decision of the MERC will be binding on both parties.



ESSEL MINING & INDUSTRIES LIMITED

Regd. & Head Office : "INDUSTRY HOUSE" 10 CAMAC STREET, KOLKATA-700 017

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EXTRACT OF THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY HELD ON MONDAY, THE 27TH SEPTEMBER 2004 AT 2.00 P.M. AT ADITYA BIRLA CENTER, S.K.AHIRE MARG, DR. A.B. ROAD, WORLI, MUMBAI - 400 025.

Undertaking new business activity of generation and distribution of wind Power.

Shri H. C. Daga informed the Board that the Company has been exploring various business opportunities for investment and the investment in Wind Power Project has been found to be meeting the company's commitment towards environmental well being and particularly climate change mitigation.

He further informed that the project in consideration is proposed for 75 MW in Dhule district, Maharashtra.

He further informed that under the Kyoto Protocol, this project can fetch additional revenues by sale of Carbon Credits under "Clean Development Mechanism (CDM)". In order to offset the financial risk and make the project viable as an investment option, CDM revenues have to be earned.

After discussion, it was:

"RESOLVED that the Company be and is hereby authorized to take up 75 MW wind power project to be set up in Dhule district of Maharashtra, in a phased manner, with a total investment not exceeding Rs.400 crores and also take into consideration the CDM revenues arising from the project"



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INTERNAL NOTE

20th February, 2004

The cost of capital for computing the EVA for P&B FY 2004-05 has been finalized as below :

The cost of capital as 11 %.

The cost of Equity as 16.9%.

Any project not meeting the requirement of 16.9% would be considered as financially unviable.

The above-mentioned cost of capital rates are to be used in computing the EVA for P&B purposes.

Ramesh Aggarwal
Head - CFD.