

Date: 25th July 2006

Ref: GEI/2006-07/EIL-001

To,
Generacion Eolica India Pvt. Ltd.
12/13, Esplanade, 3rd floor
3 Amrit Keshav Nayak Marg, Fort
Mumbai (400001)

1. **Project size:** 31.2 MW (39x800KW) Wind Power Project in Karnataka. WEC will be offered with rotor diameter 48 meter.
2. **Project Completion:** Commissioning by end of March 2008 subject to receipt of techno commercial clear order along with advance. However we shall reconfirm the availability of the machine during order finalization.
3. **Site:** We will propose the site in Karnataka.
4. **Validity of Offer:** Up to 25th December 2006 for placement of Order.
5. **Estimated Generation:** EIL will propose the site for the project having the cumulative average generation of 17.85 Lacs KWH per WEC per year measured by the energy meter installed in the WEC based on the wind study.

The actual generation can vary from year to year or amongst the WECs in a given year, in the Wind Farm and the generation guarantee will be valid for the period of one year from date of commissioning on part of Enercon. For avoidance of doubts, Enercon shall not be liable for any shortfall in the generation as estimated above after first year of operation.

6. **Price:** Rs. 398.5 lacs per WEC against issue of 'C' Form. Broad head of cost is annexed.

7. Terms of Payment:

- 25% of Order value as advance along with purchase order
- 65% of Order value against completion of Foundation work & Tower Erection on pro-rata basis.
- 10% on commissioning of WEC against Commissioning certificate on Pro-rata basis.

Any delay in payments will lead to delay in completion of the project. Delay in payment shall also attract simple interest @ 2% per month on the amount due.

8. **Taxes & Duties:** The price mentioned herein above is inclusive of Sales Tax and Excise Duty at the existing rates. Any increase in the rate of sales tax or excise duty at the time of delivery shall be reimbursed to EIL at actual over and above the amount

agreed upon. However, if 'C' Form is submitted the C.S.T. charged will be 'NIL'. If 'C' Form is not submitted, local VAT shall be charged at actuals.

9. **O&M:** We shall enter into an Operation and Maintenance Contract for a period of 10 years from the date of commissioning. O & M will be carried out free of charge for the 1st year and charges for the second year will be Rs. 4.4 lacs per WEC per annum with escalation of 5 % every year over the previous year upto 10th year. The O&M charges shall be payable each quarter in advance. Service tax will be extra at actual.

10. Charges payable by you as below to Government authorities on annual basis will be extra at actual over and above the price quoted.

11. Insurance –

We shall arrange insurance of WEC upto commissioning. You need to take insurance towards natural calamity coverage after commissioning of the WEC.

Kindly revert in case you need any clarification.

Thanking you,

Yours truly,

For Enercon (India) Ltd.



Marketing Manager

Annexure- Broad head of cost for commissioning of wind farm

Component	PO Cost
Wind Turbine Generator	1,053.00
Concrete Tower	150.15
Distribution Transformer	84.83
Civil Works	136.50
Erection and Commissioning	27.30
Land	102.38
Total	1,554.15