

SHAKTHI CONSTRUCTIONS

Civil Engineers & Contractors



Moodabidri,
14.11.2007.

Shri Sanjith Shetty,
Director,
Ambuthirtha Power Private Ltd,
No. 21/19 (II Floor),
Craig Park Road,
M.G Road Cross,
Bangalore - 560 001

Dear Sir,

Sub: Bobba Power Project (under construction) at Thacode Village, Moodabidri

Through this letter, we introduce ourselves to you as one of the Civil Engineering Contractors, who have entered into Agreement of Contract with the promoter company of the project (M/s Bobba Aviation Services Private Ltd, Bangalore) for execution of various items of work for the project, as aforesaid.

We understand from the Bobba Group that you/your company has been holding discussions with them for purchase of the aforesaid power project, on an "as is where is" condition and the deal is likely to be concluded shortly. While we have no desire or intention to interfere with your business plan, in the interest of all concerned (which includes us primarily), we would like to bring the following for your information and necessary action:

1. Although the power project was scheduled to be completed by May/June 2006, even as of now (after a lapse of more than a year) the project is nowhere near completion. This will become clear to you, if you conduct a spot inspection by engaging competent engineers, who can assess the level of physical progress of the project.
2. For various reasons best known to the Bobba Group, the project work has come to a standstill. In this connection, we were initially told that the main reason is lack of funds with the promoters. Subsequently we were told that the work will be restarted after the monsoon stops. Although the rains have stopped completely, there is no indication as to whether the work will at all be resumed and if so when. What is evident to us is that since May 2007, the project has virtually been abandoned by the promoters.
3. Many of the contractors such as MS Melanta, N. Prabhakar Shetty, P.C Samuel, Saravana Engineering Works etc have disassociated with the project already and have approached the promoters for settlement of their outstanding payments. M/s Jyoti Ltd, Baroda, who are the machinery suppliers and erection contractors have also decided to walk out of the contract, as the promoters have not paid them their past dues. Needless to mention, we have also decided to follow the same path, as we are left with no other alternative.

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4. Under the circumstances, you will appreciate that unless the sellers or you clear off all the past dues of all the contractors (including us) and re-negotiate with them on fresh terms/terminate the existing contracts on amicable terms/appoint fresh contractors, you will not be able to complete the project, even if you are capable of bringing the necessary funds.
5. We on our part like to assure you that we will be only too glad to associate with you, complete our work and take the project implementation forward, provided you are agreeable not only to settle our past dues, but also re-negotiate the terms of contract.

We look forward to hearing from you at the earliest.

Thanking you,
For Shakthi Constructions

(C.G. Rajesh Babu)