

Date 1 July 2005

Parties Enercon India Limited, (EIL)
Japan Carbon Finance, Ltd. (JCF)

Recitals

- A The Project Entity is developing projects through various Special Purpose Vehicle Companies, which it intends to bundle together and register as a Clean Development Mechanism project.
- B JCF and the Project Entity (the "Parties") have both expressed an interest in pursuing the CER Transaction and negotiating an ERPA.
- C The Project Entity has agreed to grant JCF the exclusive right, during the Exclusivity Period, to negotiate with the Project Entity in respect of the CER Transaction and to undertake due diligence of the Project.
- D The Parties will endeavour to enter into formal legal arrangements to record and give effect to the CER Transaction in the form of an ERPA as soon as reasonably practicable.

Operative provisions

1 Definitions and Interpretation

- 1.1 The following words have these meanings unless the contrary intention appears:

CDM Related Costs means costs incurred in seeking Registration of the Project and the issuance of CERs, including but not limited to the cost of developing the Project Design Document.

CERs means: Certified Emission Reductions issued by the CDM Executive Board for CDM projects, as described in the International Rules.

CER Transaction means the proposed acquisition by JCF of CERs from the Project.

Deed means this Memorandum of Understanding and any annexures and schedules to it.

Encumbrance means: (a) any mortgage, charge, pledge, lien, assignment, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person by way of security for the payment of a debt or any other monetary obligation, or (b) any restriction of any kind under any regulatory or voluntary regime that may affect the ability of JCF to use CERs from the Project.

ERPA means an Emission Reduction Purchase Agreement between the Parties for the sale and purchase of CERs.

Exclusivity Period means the period from the date of this Deed until 5.00 pm Tokyo time on the earlier of: (a) the day on which an executed ERPA enters into full force and effect; or (b) twelve months from the date of this Deed, unless extended by written agreement between the parties or terminated earlier by JCF in accordance with clause 7.

B.C.



GHG Reductions means the reduction of Greenhouse Gas emissions, or the enhancement of Greenhouse Gas sequestration, achieved by the Project, measured in metric tonnes of carbon dioxide equivalent.

Greenhouse Gas or GHG means one or more of the six greenhouse gases listed in Annex A of the Kyoto Protocol, which are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Host Country means Republic of India.

Project means the wind farm projects with a Gross Capacity 179.80 MW consisting 206 numbers 800 kW rated E-48 WEGs and 25 numbers 600 kW rated E-40 WEGs being developed in the States of Rajasthan and Karnataka by the Special Purpose Vehicle Companies formed by the Project Entity.

Project Design Document or PDD means the description of the Project prepared for Validation and Registration in accordance with the International Rules. An entity responsible for preparation of the PDD will be appointed by the Project Entity subject to approval of JCF and an agreement for preparation of the PDD shall be duly entered into between the Project Entity and the entity responsible for preparation of the PDD.

Promote means to advertise, market, display or communicate or to agree to do any of the foregoing in such a way that may suggest, either expressly or impliedly, that the CERs created by the Project are, or at some future time may be, available for purchase and includes written and oral representations to that effect.

Registration means the formal acceptance of the validated Project as a CDM project activity by the CDM Executive Board.

Validation means the process of independent evaluation of the Project by a Designated Operational Entity against the requirements of the CDM on the basis of the Project Design Document and other information required to be assessed under International Rules.


Verified Emission Reductions or VERs means GHG Reductions, certified by a Designated Operational Entity in compliance with the International Rules.

2 Preparation of ERPA

- 2.1 The Parties agree to progress good faith negotiations in relation to the CER Transaction with the view to being able to finalise and enter into an ERPA.
- 2.2 The principal terms of understanding of the CER Transaction which will form the basis of any ERPA entered into between the Parties are contained in Schedule 1 to this Deed.

3 Negotiations between the Parties

During the Exclusivity Period the Project Entity grants JCF the exclusive right to negotiate with the Project Entity in relation to the CER Transaction and carry out enquiries in relation to the Project (including due diligence enquiries).

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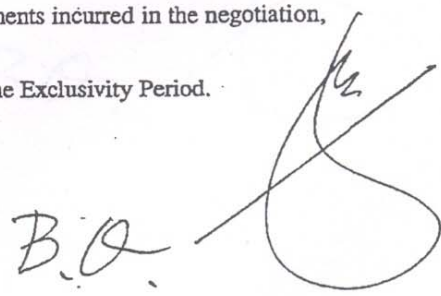
4 Project Entity's Obligations

- 4.1 During the Exclusivity Period the Project Entity must:
- (a) develop any necessary documents to register and operate the Project as a CDM Project and to effect the CER Transaction, including, but not limited to, the Project Design Document;
 - (b) not Promote (or arrange for any third party to Promote) any CERs to be generated by the Project;
 - (c) not sell, agree to sell or grant any other rights whatsoever to any CERs to be generated by the Project to any third party; and
 - (d) not allow any Encumbrance to be created over the CERs to be generated by the Project.
- 4.2 During the Exclusivity Period, the Project Entity must retain full legal ownership of any GHG Reductions, Verified Emission Reductions and CERs created by the Project.
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5 JCF's Obligations

- 5.1 At the request of the Project Entity, JCF will provide reasonable assistance required to develop the necessary documents to register the Project as a CDM Project and to effect the CER Transaction, although:
- (a) JCF shall in no way be liable for any advice or assistance provided to the Project Entity in relation to the Project or for the failure to provide any such advice or assistance; and
 - (b) the Project Entity shall release and indemnify JCF from any claim made, or loss or damage sustained, by the Project Entity or any third party as a consequence of reliance on any advice or assistance provided by JCF in relation to the Project (or failure by JCF to provide any such advice or assistance).
- 5.2 JCF will make reasonable efforts to obtain any CDM approvals required from the government of Japan, which are necessary to achieve Registration.
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6 Costs

- 6.1 Subject to clause 6.2, each Party shall be liable for any CDM Related Costs which it has incurred prior to the end of the Exclusivity Period.
- 6.2 If the Project Entity breaches any of the obligations set out in clause 4 of this Deed, terminates negotiations on the CER Transaction or does not proceed with the Project for any reason during the Exclusivity Period, the Project Entity must pay to JCF all CDM Related Costs incurred by JCF upon receipt of documentation evidencing the CDM Related Costs. Provided however, no cost is reimbursable just because of non registration of the Project by the Executive Board as a CDM Project.
- 6.3 Each Party will be responsible for its own costs and disbursements incurred in the negotiation, preparation and completion of this Deed.
- 6.4 Subject to clause 7.2, this clause 6 will survive the expiry of the Exclusivity Period.
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7 Termination

- 7.1 JCF may terminate the Exclusivity Period and any negotiations with regards to the CER Transaction by notice in writing to the Project Entity, if JCF forms the reasonable opinion that the Project will not generate or the Project Entity will not Deliver Contract CERs.
- 7.2 If JCF terminates the Exclusivity Period in accordance with clause 7.1 above, there shall be no further consequences for either Party and each Party shall be liable for any CDM Related Costs which it has incurred up until the date of termination.

8 Preconditions

- 8.1 Any obligations in ERPA between the Parties will be conditional upon satisfaction of the preconditions stipulated in Schedule 1 and JCF will have the right to terminate the ERPA if those preconditions have not been satisfied within a period which will be stipulated in the ERPA.

9 Dispute Resolution

- 9.1 The parties agree that if the Parties are unable to settle a dispute between themselves within forty-five (45) days from such dispute arising, the complaining Party may either initiate a suit, action or proceeding in the Tokyo District Court, or submit such difference or dispute to be resolved by arbitration in accordance with the UNCITRAL arbitration rules, whereby the number of arbitrators shall be three (3), the place of the arbitration shall be Tokyo, Japan, the language of the arbitration shall be English and the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration.

10 General

- 10.1 Without limiting any other provisions of this Deed, each Party must, whenever reasonably requested by the other Party, promptly do or arrange for others to do, everything reasonably necessary or desirable to give full effect to this Deed.
- 10.2 This Deed is legally binding and governed by the laws of Japan and each Party submits to the non-exclusive jurisdiction of the court and arbitration body described in clause 9.
- 10.3 If a term of this Deed is found to be wholly or partly void, invalid, unreasonable or otherwise unenforceable, that term will be deemed to be severed or modified to the extent necessary to make the balance of this Deed and that term enforceable or reasonable.

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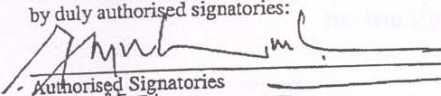


Execution

Signed sealed and delivered for and on
behalf of:

Enercon India Limited

by duly authorised signatories:



Authorised Signatories

Date: 1st July 2008

Yogesh Mehra,

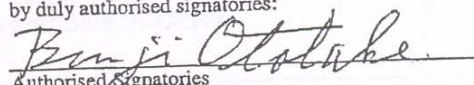
Managing Director

Names and titles of Authorised Signatories

Signed sealed and delivered for and on
behalf of:

Japan Carbon Finance, Ltd.

by duly authorised signatories:



Authorised Signatories

Date: 1st July 2008

BUNJI OTOTAKE

EXECUTIVE DIRECTOR

Names and titles of Authorised Signatories