



M/s. D.J. Malpani

Malpani House, I. G. Road, Sangamner - 422605 Dist. Ahmednagar (M)
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Date : January 13, 2003

To,
SUZLON ENERGY LTD.
Plot No. H-24/25,
M.G. Udhyog Nagar,
Near Water Tank,
Dabhel, Daman-396 210 (U.T.)

Kind Attn : Mr. Tulsi R. Tanti, Chairman & Managing Director

Dear Sir,

Sub : Purchase Order for 1 no. of WTG Phase II at our Mada site in Rajasthan.

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Ref : Your offer no. SEL/MKTG/MUM/RAJ/MALPANI/02-03/21 dated : August 5, 2002.

Please refer to your above mentioned offer for supply of 1 no. of SUZLON make Wind Turbine Generator (WTG) model S 66 – 1250 kW and personnel negotiations which we had with you and Mr. I. C. Mangal, we are pleased to place our order as follows;

1. **Quantity**

- 1 no. WTG of 1250 kW rating, type SUZLON S 66 as per scope of supply given in your offer and the technical specifications as per the annexure enclosed.

2. **Price**

- For above quantity and scope of supply we agree to pay Rs.437.50 lacs (Rupees Four Crores Thirty Seven Lacs Fifty Thousand only) towards total consideration for the supply in total at site, which may be bifurcated by you. This price is firm and fixed and is inclusive of all taxes applicable as of date. If there is any change in the existing taxes or any extra taxes, duties and levies are imposed by Govt., it will be borne by you.

3. **Delivery**

- The WTG will be installed and commissioned before March 15, 2003. Suzlon Energy Limited (hereafter called Suzlon) will obtain Commencement Certificate from RVPNL dated on or before 31st March'2003. Time is essence of this order and you will undertake to commence the WTG before above time. In event of non-commencement of WTG on or before 31st March, 2003, you will be fully responsible to make good all incidental losses occurred to us by way of fully compensating us for the amount of Rs.25.00 lacs of the order value by way of reduction in price of WTG and will supply us the WTG at total price of Rs. 412.50 lacs (Rs. Four crore Twelve Lacs fifty thousand only)

Part shipment will be accepted in delivery of the supply. The delivery schedule must be ahead of the schedule for completion of the work already highlighted in our work order to SDPL. We suggest that at least 10 days gap must persist.

- We will furnish "Form C" to Suzlon as prescribed under the CST Act 1956.

4. Scope of Supply:

- a) The supply of the 1 no. of SUZLON S 66 - 1250 kW wind turbine generator (WTG) comprising mainly of components having specification and quantity as listed in standard scope of your offer which must also follow the quality and performance standard prevailing in windmill industry (Annexure - I).
- b) The WTG must be fitted with imported gearboxes, Flender AG Germany and with generator of Seamens / Crompton make.
- c) The electrical equipments / items either HT or LT must follow the highest standard prevailing in our country.
- d) All above components related to WTG and overhead line must be brand new and free from any minute / major defects in material / design / engineering and construction.
- e) It is also required to use the material / equipment / components best suited for local conditions related to grid and atmosphere to avoid fast deterioration, taking into account the total life of machine at least 20 years.
- f) The WTG must strictly follow the standards laid down by Ministry of Non-conventional Energy Sources of Energy Dept. Central Govt. Suzlon will provide the test certification of WTG from CVET or other equivalent certification agency.
- g) Central monitoring system for 1 no. WTG.
- h) You will arrange the required land in our favor by way of legal registered , sub-lease for Twenty Nine years for the said 1 no. windmill at Mada site in Rajasthan. The initial sub-lease cost, stamp duties, registration charges and other incidental charges of the land required for the windmill is included in the total price. The annual lease rent will be paid by us regularly to the GOR regularly.

Any charges imposed by RVPNL / REDA up to commissioning, will be borne by you.



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5. **Terms of Payment**

Terms of payment for this order are as follows:

- a) 20% advance with placement of order i.e. Rs. 87.50 lacs (Rupees Eighty Seven Lacs Fifty Thousand only)
- b) Amount of Rs. 325.00 lacs will be paid to you by way of establishment of irrevocable letter of credit in your favor with term to pay 'at sight' the amount specified below upon completion of respective event.

- 1) On delivery of WTG machine on site - Rs. 109.00 lacs
- 2) On completion of erection of WTG on site - Rs. 108.00 lacs
and after receipt of documents mentioned
in clause No. 4 (h) and 12 herein above
- 3) On completion of full erection, trial run, and
obtaining Commencement Certificate with all
other government formalities completed. and after
obtaining PPA Agreement with RVPML
And upon providing the bank guarantee
as per clause 8 below : - Rs. 108.00 lacs

- c) For the balance amount Rs. 25.00 lac following will be the mode and condition of payment as agreed, discussed and confirmed by your Mr. Tulsi Tanti.

- 1) The generation performance of WTG will be monitored for net sellable units generated, for 3 years from the date of commencement. In the event of WTG generating less than 27.00 lac units / annum on an average of above 3 years, there will be no amount payable by us to you.
- 2) In event of WTG generating minimum 27.00 lac units / annum, in any of above 3 years, and on an average of above 3 years do not generate below 27.00 lacs, we will pay you the amount of Rs. 6.00 lacs .
- 3) In event of WTG generating minimum 28.00 lac units / annum in any of above 3 years, and on an average of above 3 years do not generate below 28.00 lac units, we will pay you Rs. 12.00 lacs.
- 4) In event of WTG generating minimum 29.00 lac units / annum in any of above 3 years, but on an average of above 3 years do not generate below 29.00 lac units, we will pay you Rs. 18.00 lacs.
- 5) In event of WTG generating minimum 30.00 lac units / annum in any of above 3 years, but on an average of above 3 years do not generate below 30.00 lac units, we will pay Rs. 25.00 lacs.to you.



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In any of above events 1 to 5, the payment will be made at the end of 3rd year from commencement of WTG after evaluating the generation figures, but not later than 30th June 2006. The year for calculating the generation will start from 1st April, 2003.

For any delay in making the payments as per the schedule above, we agree to pay an interest of @ 12% p.a.

6. **Financial Arrangements**

The project is self-funded.

7. **Insurance**

You will be responsible for the insurance of the WTG covering the risk involved during transportation, storage and commissioning. From the date of commissioning, we will take the fire & allied perils, earthquake & third party risk insurance policy every year.

8. **Generation Guarantee**

You have assured us to get a generation of 26 lacs per annum net sellable units from 1 WTG in 4 years at RVPNL meter without considering the grid availability factor and other factors such as array efficiency, RKVAH factors, machine availability, breakdown etc. However, the force majeure condition regarding the grid will be considered. The list of force majeure are:

- Breakdown of the main sub-station for more then 48 hrs. at a stretch.
- Total State grid failure for more then 48 hrs. at a stretch.
- Strike in RSVPNL for more then 48 hrs. at a stretch thereby affecting grid availability.
- Any unforeseen natural calamities affecting grid availability or machine operation.

The above guarantee is for first four year of operation.

Suzlon shall be liable to intimate existence of such force majeure conditions and substantiate their existence immediately after occurrence of such force majeure conditions.

Any shortfall in the guaranteed generation will be reimbursed by you at the RVPNL power purchase rate of Rs.3.50/unit + 5% escalation every year.

For total generation of 26 lacs units per annum, you have agreed to provide bank guarantee for 25% value during the guarantee period for first four years. For balance 75% value you will provide us with Letter of Comfort for the agreed periods for first four years. The formats of bank guarantee and Letter of Comfort to be given by you is annexed herewith which have been read and agreed by you. You will be responsible

