



## MYSORE MERCANTILE CO. LTD.

#201 & 202, 2nd Floor, SHRESHTABUMI, No. 87, K.R. Road, Basavanagudi, Bangalore - 560 004. Ph: 26603636, 26601309 Fax: 26675588, 41204731 e-mail: mmcl@mmclindia.com

### Extract of the resolution passed in the meeting of the Board of Directors dated 26.11.2004

The meeting has been called for discussing the issue of making investment in Wind Energy Generation. During the course of the meeting, the Managing Director of the company has put before the company for discussion and approval of the Board the offer letter received from M/s Enercon India Ltd and Vestas RRB India Ltd.

After the discussion at length along with the financials and the generation aspects of the both the offer letters it was concluded that the Enercon make machines have more advantages over Vestas make machines. However the idea of making investment in the Wind Energy is not a lucrative business for the reason of very low IRR. But one of the Director brought before the board that the Investment in Wind Energy sector is a viable proposition provided we consider the benefit of Carbon Emission Reductions. Based on these discussions the board has concluded as follows:

**It was resolved** " the company should make investment in Wind Energy Sector by making investment to the extent of 4.8 MW, consisting of 6 number Enercon Make E-48 Series Machines, after considering the benefit which will accrue on account of Carbon Emission Reductions."

**Further resolved** that Mr. H S Shetty, Managing Director of the company be and is hereby authorized to execute the decision of the Board by making proper purchase order in favour of M/s Enercon and also take necessary steps towards getting Carbon Emission Reduction benefits for the company".

I, H.S.Shetty, Managing Director of the company hereby certify that the above written copy is an extract from the minutes of the proceeding of the meeting of the Board of Directors of the said company held on 26.11.2004 at Registered office at 2.30pm and is a true and correct copy of the proceedings to which it relates as recorded in the said minutes book.

Certified True Copy

Managing Director



# MYSORE MERCANTILE CO. LTD.

#105, 1st Floor, 'SHRESHTHA BUNDE', No. 87, K.R. Road, Basavanagudi, Bangalore - 560 004. Ph : 26603636, 26601309, 26613629 Fax : 26675588 e-mail : mmcl@mmclindia.com

REF : MACL/DEC/816/04-05  
Date : 03. 12. 2004

M/s. Enercon India Ltd.,  
Kolsite House, Plot No. 31,  
Shah Industrial Estate, Veera Desai Road,  
Andheri (W), Mumbai - 400 053.

Kind Attn : Mr/ S.V. Kulkarni - Vice President - Mktg.

Dear Sir,

**Sub : Wind Power Project for installation at B.G. Halli.**

This has reference to the meeting and discussion we had in our office today. As discussed and confirmed over the meeting, following transactions have taken place.

1. It was agreed to place an order for 8 Machines of Enercon Make 800 WECs (Wind Energy Converters) developed jointly with M/s. Abletech Electro Engineers Pvt Ltd.
2. Enercon Scope : Foundation, supply, erection, commissioning upto D.P. Structure including step up 33 KV Transformer ( rating 950 KVA).
3. MMCL Scope : Land, road, 33 KV line from D.P. Structure to sub-station, entire sub-station work, 66 KV over-head line, Bay extension, KPTCL work including evacuation permission, PPA inspection, approach road, permission etc to evacuate power from DP Structure until Horake Devanapura KPTCL 66/ Substation.
4. Enercon have agreed to give an absolute guarantee of Rs. 22.5 Lacs units per machine per year at 100% grid availability continuously for three years starting from one month after commissioning ( on average basis).
5. Last date of commissioning is agreed as 20<sup>th</sup> May 2005.
6. Enercon will extend two years of free warranty and free O & M.
7. Price agreed between both the parties is Rs. 350 lacs per machine as per agreed battery limits. This includes all taxes, tariff, transportation, erection, commissioning upto D.P. Structure.
8. Enercon and MMCL shall enter into a comprehensive O & M and warranty contract for 8 years starting from expiry of the free warranty and O & M. The rate agreed is Rs. 4.5 Lacs per machine with 5% escalation per year
9. .Payment terms: 25% advance, 65% after delivery of the material at site, 10% after successful commissioning.
10. On receipt of MOU, a token advance of Rs. 25 lacs will be paid and balance amount of advance will be released through bank immediately after sanction.

In acceptance of the above, please sign the duplicate and return the same to us.

In the meantime, kindly arrange to send us a draft MOU enable us to finalize the same at the earliest.

With Regards

H.S. Shetty  
Mg. Director



Accepted  
21/12/04  
For Enercon (India) Ltd.

**From:** ravi [mailto:ravi@asiacarbon.com]  
**Sent:** September 5, 2005 1:48 PM  
**To:** M M C L  
**Cc:** dinesh@asiacarbon.com; sri@asiacarbon.com  
**Subject:** Re: Offer

Dear Mr.Shetty

Please find attached our Carbon Proposal for your 7.2 M.W Wind Turbine Generators.

We will come back to you on Plantations.

Thanks

Ravi

> REF : MMCL/SEP/0302/05-06  
>  
> Date : 01.09.2005  
>  
> M/s. Asia Carbon Emission Management (I) Pvt Ltd.,  
> # 167, Kodambakkam High Road,  
> Nungambakkam, Chennai.  
> T.N. – 600 034.  
> Tel No : 044 – 39180501.  
>  
> Kind Attn : Mr. Ravi Shankar.  
>  
> Dear Sir,  
>  
> This has reference to the tele-talk we had today morning.  
> We await your reply as far as our 7.2 M.W Wind Mill Project  
> CDM Registration is concerned.  
> As informed, we have been allotted Government Land of 472  
> acres at Chitradurga for planting trees. Kindly let us know what are  
> all the trees we can plant for obtaining CDM Registration.  
> Also, please let us know if you can get an advance CDM Funding  
> for plantations..  
>  
> With Regards,  
>  
> For MYSORE MERCANTILE CO LTD.,  
>  
>

**Asia Carbon Emission Management India P Ltd.,**

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Registered Office : 167, Kodambakkam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India Tel:+91 44 39180501

Regional Office: 150 Cecil Street, #10-03 Singapore 069543 Tel: (65) 6225 1791 Fax: (65) 6225 1562 [www.asiacarbon.com](http://www.asiacarbon.com)

## **1 Proposal Motivation**

The Clean Development Mechanism (CDM), is one of the three flexibility mechanisms under the Kyoto Protocol (KP), 1997 that enables developing countries to assist developed countries in meeting their green house gas (GHG) emissions reduction targets while the latter assists former in achieving sustainable development. Of proposed GHG abatement projects, those involving renewable energy (RE) are the most promising because they generate clean energy and promote sustainable development. The greenhouse gas benefits of each CDM project will be measured according to internationally agreed methods and will be quantified in standard units, to be known as 'Certified Emission Reductions' (CERs). These are expressed in tonnes of CO<sub>2</sub> emission avoided (i.e 1 ton or 1000 kgs of CO<sub>2</sub> is equivalent to one CER).

As the Kyoto Protocol came into force from 16th February 2005, these 'carbon credits' are bought and sold in a new environmental market and in fact, they have already become a commodity. Both the developing and the developed countries have so far shown increasing interest in developing such CDM projects in a most efficient and timely manner. The modalities and procedures for implementation of the CDM are also being streamlined, activities related to registration of several CDM projects and issuance of CERs for a few CDM projects have been already witnessed.

Mysore Mercantile Co.Ltd., and their associates have established a 9.6MW Grid connected Wind Turbine Generators in 2005. Wind Energy is a clean energy program eligible for Carbon Credits and, they have shown interest to develop this 9.6MW WTG under CDM. This project is located in Chitradurga, Karnataka.

*Asia Carbon Emission Management India Pvt. Ltd., proposes to develop the CDM documentation for this project including the Project Design Document for*

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## **Asia Carbon Emission Management India P Ltd.,**

*validation and subsequent successful registration with the CDM Executive Board (CDM-EB) and management of carbon assets for successful transaction of CERs using the World's first CDM focused Asia Carbon Exchange.*

### **2. Project Activity and Carbon reduction Potential**

MMCL and their associates have established a 9.6MW Wind Turbine Generators, in the year 2005, with Enercon machines. Project is located in Chitradurga, Karnataka.

In the absence of the above project, state grid would depend on the power from fossil fuels, thus the project contributes to reduction of GHG. So the baseline is the grid.

Assuming a Grid Emission Factor of 0.75kg CO<sub>2</sub>/kwh, the Carbon Reduction potential of this activity is approx. 19600 tCO<sub>2</sub> per annum or Carbon Revenue potential of 19600CERs annually.

### **3 Objectives**

The major objective of this proposal is,

*" to develop the Project Design Documentation for validation and successful registration with the CDM Executive Board under the Clean Development Mechanism as defined in the Kyoto Protocol and facilitate sale of certified emission reductions generated from the project in the Asia Carbon Exchange. "*

### **4. Scope of Work and Methodology**

The scope of work and the methodology for developing the CDM project documentation are given below.

Activity I – Review of the project documentation

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**Asia Carbon Emission Management India P Ltd.,**  
Preparation of Project Design Document for validation by DOE  
(Designated Operation Entity) and registration with CDM-EB covering  
the following aspects as provided in the CDM-EB's PDD format :

The project design documents will be prepared as per the CDM EB approved PDD format for validation by Designated Operational Entity (DOE), host country approval and registration with CDM executive board (CDM-EB). The documents will cover the following aspects (as described in the CDM-EB approved PDD format) :

- Analysis of project activity including technological aspects
- GHG abatement details
- Methodologies :
  - \* If the baseline methodology proposed is new and does not fall under the approved categories of CDM-EB, the same will be submitted to CDM-EB for approval.
  - \* If the Monitoring and Verification methodology proposed is new and does not fall under the approved categories of CDM-EB, the same will be submitted to CDM-EB for approval.
- Justification of the baseline and monitoring methodologies chosen for the project
- Duration of the project activity and crediting period
- Environmental impacts of the project
- Stakeholder comments

#### *Baseline estimation*

The baseline for the Project will be determined in accordance with the provisions in the Kyoto Protocol, including the observations and guidelines developed by METH (Methodology) panel, as clarified from time to time.

The analysis and the outcome of the baseline study will feed as a major input for this activity for preparing the PDD as per the CDM EB format. Stakeholders' comments obtained during the site visits will also be analyzed and included in the PDD.

#### *Monitoring and verification*

For developing the methodology for monitoring and verification, the following factors will be considered.

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Regional Office: 150 Cecil Street, #10-03 Singapore 069543 Tel: (65) 6225 1791 Fax: (65) 6225 1562 [www.asiacarbon.com](http://www.asiacarbon.com)

CANARA BANK  
CORPORATE SERVICE BRANCH  
Shankaranarayana Building  
25 M G Road, Bangalore-560001

Phone: 25599254/257  
25599259  
Fax : 080 25599108

Ref: CSB/MSCR/1680/2005-06

Date : 07-01-2005

M/S.MYSORE MERCANTILE CO.LTD.,  
#105, 1<sup>st</sup> floor, 'Shreshta Bumi'  
87, K.R.Road, Basavanagudi,  
Bangalore 560 004.

Dear Sirs,

Sub: Your request for credit facilities.

We are pleased to inform you that our Sanctioning Authorities have Permitted the following WC limit by way of take over of limit/liability from UTI Bank for a period of one year :

**OCC/ODBD : Rs.250.00 lacs**  
**(Rupees two hundred & fifty lacs only)**

Margin : 25% on Stocks, 40% on Book Debts

Rate of interest : BPLR ie., presently 10.75% pa

Period of Book Debts : Upto 90 days  
For DP

Submission of Stock/ : Detailed - Monthly  
Book Debts/MSOD statements

Due date for : On or before 15<sup>th</sup> of succeeding month.  
Submission of stocks/  
BD statement

Inspection of stocks : Local & Outstation - Quarterly

**2) Term Loan : Rs.1600.00 lacs**  
**(Rupees one thousand six hundred lacs only)**

Purpose : To set up a 4.80 MW Wind Mill Project  
at Banjagondahalli Village, Chitradurga





Date: 24<sup>th</sup> January, 2005

M/s. Mysore Mercantile Co. Ltd.  
No.105, 1<sup>st</sup> floor, "SHRESHTA BUM",  
No.87, K.R. Road, Basavanagudi,  
Bangalore – 560 004  
Ph. 26603636

**Kind Attn. Mr. H.S. Shetty – M.D.**

**Sub: Final Micrositing drawing for the windfarm consisting of 11 Nos. 800 kW  
WECs at Banjagondanahalli, Chitradurga.**


Dear Sir,

As required we are sending here with 3 copies of final micrositing drawing for the wind farm consisting of 11 Nos. 800 kW WECs at Banjagondanahalli, Chitradurga, Karnataka.

Kindly acknowledge.

Thanking you,

Yours faithfully,  
For Enercon India Ltd.



R.S. Nerurkar  
Dy. General Manager – Marketing.

Encl. As above.

**ENERCON (INDIA) LIMITED**

✓ **Corporate Office** : Kolsite House, Plot No 31, Shah Industrial Estate, Veera Desai Road, Andheri (West), Mumbai - 400 053  
**Phone** : 91-22-56924848 (Seven Lines) **Fax** : 91-22-26730085

**Regd. Office & Plant** : Plot No. 33, Daman Patalia Road, Bhimpore, Daman - 396210 India.  
**Phone** : 0260 / 2220624 + 2220628 **Fax** : 0260-2221508



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Ref : MMCL/JAN/112/05-06  
Date : 29.01.2005

M/s. Enercon India Ltd.,  
III Floor, Kasa Brigetta,  
# 10, Brunton Road,  
Bangalore - 560 025.

Kind Attn : Mr. C.R. Srinivasan.

Dear Sir,

This has reference to the order placed by us on your Company for setting up of 8.8 M.W Wind Energy, cumulatively from our side for 4.8 M.W., from Abletech Electro Engineers Pvt Ltd., 1.6 M.W and from Mineral Enterprises for 2.4 M.W.

We further would like to inform you that following work has been allotted to the following Companies respectively.

1. Civil Work, i.e., to say entire roads:  
M/s. A.G.V & Associates,  
MIG 16, KHB Colony, CK Pura Extension,  
Kelagote, Chitradurga - 577 501.  
Tel No : 08194 - 228 149 / 225 170 .  
Contact Person : Mr. G. Veerendra.
2. Electrical Infrastructure excluding 33 KVA Substation :  
M/s. M/s. Abletech Electro Engineers Pvt LTD.,  
No. 48/4, I Floor, Rangarao Road,  
Shankarapuram, Bangalore - 560 004.  
Tel No : 080 - 26528101.  
Contact Person : Mr. K. Divakar Shetty - Managing Director.

You are hereby requested to depute your technical personnel to co-ordinate with the above contractors for a smooth and purposeful completion of the work according to the satisfaction of both of us.

Kindly do the needful at the earliest.

With Regards,

For MYSORE MERCANTILE CO LTD.,

  
RAVEENDRA BHAT  
DIRECTOR



cc: ① M/s. A.G.V. Associates

② M/s. Abletech Electro Eng. Pvt. Ltd.