

Ref. AIPL/HO/PRJ/111/PO-18

Dated: March 16, 2005

To,

M/s. Demag Delaval Industrial
Turbomachinery Pvt. Ltd.
Rudra House
Opp Sarabhai Chemicals
Wadi Wadi
Vadodara - 390007
Ph. 0265-5514300

Kind Attn: Mr. Sanjay Agarwal - Sales Manager

Sub: Purchase Order for 1 No. 12 MW Turbo Generator Set with Auxiliaries for our 350 TPD Sponge Iron Plant at Village Marakuta & Pandari Pathar, & Distt. Jharsuguda (Orissa).

Ref: Your Offer Dated 31.01.2005

Dear Sir,

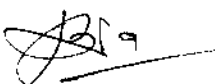
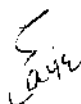
In reference to your Offer dated 31.01.2005 and subsequent discussion held on 16.03.2005 with you, we are pleased to place Order on you for Supply of 1 No. 12 MW Turbo Generator Set with Auxiliaries for our 350 TPD Sponge Iron Plant at Jharsuguda (Orissa) on the following terms and conditions:

1. TECHNICAL & COMMERCIAL SPECIFICATION:

Please refer to Technical Specification & Commercial Specification in enclosed Annexure I, Annexure II and Annexure III for Supply of 1 No. 12 MW Turbo Generator Set with Auxiliaries.

2. ORDER VALUE:

Basic Price Rs. 6,31,00,000/- (Rupees Six Crores Thirty One Lacs only) F.O.R. your Works for all items in Annexure - I, II & III including Packing & Forwarding. The above Price shall remain firm until the completion of order and no escalation whatsoever shall be applicable.



3. EXCISE DUTY:

Excise Duty extra as applicable at the time of dispatch subject to submission of Cenvatable Invoice (Duplicate Copy for Transporter). At present ED is 16%, Cess is 2% on E.D. (i.e. 16.32%)

CENTRAL EXCISE**REGISTRATION NO. :**

AAECA 9671 LX M001

Range: Jharsuguda

Division-I, Sambalpur

Commissionerate: Bhubaneswar-II

4. SALES TAX:

C.S.T. extra as applicable at the time of dispatch against Form 'C' (at present 4%).

C.S.T. NO. SA III (C) 1749 Dt. 13.01.2005

L.S.T. NO. SA. III – 3277 Dt. 13.01.2005

5. PACKING & FORWARDING:

The equipment shall be packed securely, to avoid any damage during transit and storage. Waterproof packaging shall be provided, if the equipment is dispatched during winter / rainy season. Any damage due to packing fault / lapse will be to Supplier's Account.

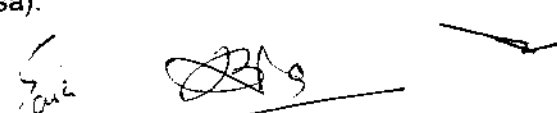
The Packing & Forwarding charges are included in the basic price and no separate charges shall be paid on account of roadworthy packing.

6. PAINTING:

Wherever applicable, all surface have to be cleaned with wire brush and all welding spatters and other foreign particles are to be removed and then two coats of rubber based primer containing Zinc Chromite to be applied on fabricated parts. Anti rust paint to be applied on all machined surface. Final painting to be done as per **IS standard** colour or two coats of smoke gray enamel paint.

7. FREIGHT:

Please dispatch the material on freight to Pay basis, to our site Jharsuguda (Orissa).



8. PAYMENT TERMS:

- a. **Rs. 75 Lacs** advance payment alongwith Purchase Order
- b. **Rs. 50 Lacs** within 15 days of submission of General arrangement, foundation data and P&Ids.
- c. **Rs. 456 Lacs** on pro rata basis including 100% taxes and duties through a Proforma Invoice and on submission of despatch documents.
- d. **Balance Rs. 50 lacs** shall be payable on submission of equivalent amount Performance Bank Guarantee (alongwith last dispatch) valid for warranty period.

9. WARRANTY:

You shall stand Warranty for any manufacturing defect or inherent defect for the equipments offered by you for 12 months from the date of commissioning or 18 months from the date of dispatch which ever is earlier, and if any defect is found, whatsoever, the same shall be replaced or repaired on free of charge, whichever is earlier to save delay.

10. DRAWING / DOCUMENTS:

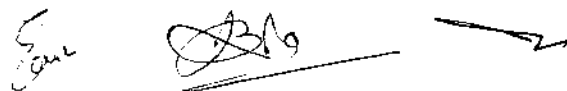
4 (Four) sets of all necessary drawings and documents including Foundation drawings / sketches with dimensional details technical data sheets etc. shall be submitted to Purchaser for review and approval within one week from the date of Purchase Order. Three (3) Sets of operation and maintenance manuals shall be submitted to the Purchaser along with delivery of equipment.

11. SUPERVISION OF ERECTION & COMMISSIONING:

The above price is inclusive of charges towards supervision of erection and commissioning. Equipment Performance shall be certified jointly by your and our Technical Personnel for the desired results.

12. INSPECTION & TESTING:

Stage inspection work shall be carried out by our Technical Personnel / Authorised Person at your works in manufacturing stages/ final inspection. However, no extra charges shall be payable to you in this regard. Necessary



support shall be extended from your side to save delay. Such inspection intimation shall be given in advance at least ten days.

13. DELIVERY PERIOD:

The delivery shall be made by **1st June, 2006**.

14. INSURANCE:

Transit Insurance shall be borne by us. You shall inform us, the dispatch particulars along with the value of Consignment over Fax / Courier to arrange Transit Insurance well within the time.

15. CONSIGNEE & DESTINATION:

M/s. Action Ispat & Power (P) Ltd.
Village: Marakuta & Pandaripathar
Tehasil & Distt.: Jharsuguda
State: Orissa

Contact Person: Mr. Vijay Saraf (Mobile No.: 09437344622)

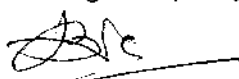
Office Address: Action Ispat & Power (P) Ltd.;
Opposite Old FCI Godown
Industrial Estate, Near Bombay Chowk,
Jharsuguda (Orissa) – 768201
Ph. (06645) 227201;
Fax. (06645) 227202

16. PENALTY:

0.5 % Per Week, if delivery is delayed beyond **1st June, 2006** subject to Maximum **5 %** of the Order Value.

17. FORCE MAJEURE:

The following shall be considered as Force Majeure if they intervene before contractual delivery date and impede performance. Any unforeseen event beyond the control and without the fault or negligence of the seller or the sub-contractor, including but not restricted to Acts of God or Public, enemy, actions of Government in its sovereign capacity, wars, Revolutions, Fire, Floods,



Epidemics, Quarantine restriction and Freight embargoes, Strikes at yours / your sub-suppliers works and Acts of State.

The Force Majeure Clause shall be applicable only during stipulated delivery schedule otherwise not. If force majeure is only for 2 weeks, the delivery will not be affected.

18. ARBITRATION:

All disputes relating to supply or relating to the price of goods supplied thereunder or otherwise arising therefrom between the Seller and the Buyer shall be resolved through Indian Arbitration Act or any amendments thereof and to be referred to the court of competent jurisdiction of India in Delhi. Neither the Buyer nor the Seller shall take or adopt any legal proceedings to enforce any claim against the court relating to the order in any country other than the court of competent jurisdiction location within the limits of Delhi.

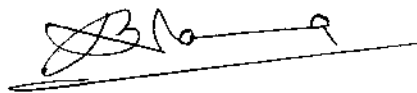
19. JURISDICTION:

In case of any dispute arising in the execution of this Purchase Order, the Courts in Delhi shall have exclusive jurisdiction.

Please sign the duplicate copy of this Purchase Order as a token of your acceptance of the terms and conditions for our records.

Thanking you,

Yours faithfully,
For ACTION ISPAT & POWER (P) LTD.


B.L. VARMA
Executive Director (Project)

R.A. GOEL
Executive Director (Commercial)

Received with Thanks
Sanjay
16/13/2005
(SANJAY AGARWA)
for DDIT