



KENYA TEA DEVELOPMENT AGENCY LIMITED

KTDA FARMERS BUILDING, P.O. Box 30213, GPO 00100 Nairobi
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22nd May, 2014

M/S Hydropower International (Pvt)
92/A G H Perera Mawatha,
Raththanapitiya, Boralesgamuwa
SRILANKA

Tel: 0721286079,

Email: bmutai@ta-e.com

Info@hydropowerinternational.com

Dear Sirs,

**RE: ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC/TURNKEY)
CONTRACT OF THE PROPOSED IRARU SMALL HYDRO ELECTRIC POWER
PROJECT - Letter of Contract Award Notification**

This has reference to your tender dated 23rd May, 2013 for the Engineering, Procurement and Construction (EPC/Turnkey) of the proposed **Iraru Small Hydropower Project -Tender No. KTDA/2012/108.**

Further reference is made to contract negotiations held on the same for the **1.5 MW hydro power plant.**

We are pleased to inform you that the KTDA Tender Board, in their meeting held on 19th February, 2014, awarded you at a revised tender sum, the contract **for Engineering, Procurement and Construction (EPC/Turnkey) of the proposed 1.5 MW Iraru small hydro electric power project** on River Iraru in Meru County, Republic of Kenya, subject to the following terms and conditions:-

- a) You shall undertake the assignment and deliver the expected results at the award price all as per the complete Terms of Reference in the Request for Proposals and the agreed contract negotiation notes, including the signed Protocol notes.

Directors: P.T. Kanyago(MBS) (Chairman), P.K. Ng'etich(MBS, OGW), S.L. Tiampati (Managing), J.M. Wakimani, Eng. Erastus Gakuya, G.C. Kirundi(HSC), S.M. Ireri, Paul Ringera, Samuel Tonui, Mr. James Nyauma Achoki, B. Matonda, J. M. Mukavale, B.K. Ngari (Finance & Strategy)

- b) The consideration shall be **USD: 6,873,000.00 (United States Dollars: Six Million, Eight Hundred and Seventy Three Thousand Only)** inclusive of all reimbursable and miscellaneous expenses, local taxes, duties, withholding tax ,VAT, etc;
- c) The contract period for the project shall be **Twenty four (24) months** from the date of order to commence.

Notwithstanding the above, your scope of supply shall also cover the following:-

- I. The electro -mechanical Works / generating equipment which shall be executed by Ms Gilbert Gilkes &Gordon Ltd of London, the specialist sub -contractor appointed by your selves in liaison with the Client and working under you.
- II. The package for electro – mechanical works / powerhouse equipment include but is not limited to the following: Turbines, Generators, Governor, Draft tube, hydraulic Unit, etc; all complete with related accessories/ fittings and control panels - **all as manufactured/supplied by Ms Gilbert Gilkes &Gordon Ltd of London for the European Market** (ranging from detailed design, manufacture, inspection during manufacture, supply and delivery/ handling, insurance and transport to site/ installation, testing and commissioning, etc.)

Please also note that;

- III. The electro - mechanical Works shall include training of KTDA operation and maintenance staff during the installation, testing and commissioning.
- IV. Electrical items shall be supplied from the list of suppliers approved by KTDA.

You are therefore required to: -

- a) Provide a Performance Bond from a reputable bank operating in Kenya in favour of the Client amounting to 10 % of the contract sum, within 28 days of signing the letter of acceptance.
- b) Submit an updated design and construction criteria prior to commencement of construction.
- c) Commence documentation for the electro – mechanical works subcontract.
- d) Submit the relevant insurances, warranties, bank and payment guarantees within 28 days of contract signing.
- e) Furnish us with a signed sub -contract between the electro -mechanical Works / generating equipment supplier, **Ms Gilbert Gilkes &Gordon Ltd, London and yourselves within 28days of contract signing**
- f) Confirmation of the availability of the deigns and construction team, plus all the experts as per your submitted organizational chart.
- g) Submit all of the standards /codes for design, testing, etc proposed for use in the project.

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A signed copy of the contract negotiation minutes is hereby attached and shall form part of the final contract documents.

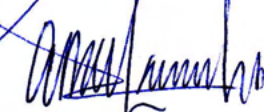
Please liaise with the General Manager, KTDA Power Company Ltd on any other documents, drawings or information you may require and thereafter on all matters relating to this contract.

A Declaration Form and this letter are sent to you in triplicate. Please return both the original and duplicate duly signed and witnessed where indicated and retain the triplicate for your records.

We intend to enter into a formal Contract Agreement entered upon receipt of your confirmation of the above. The terms and conditions of the Contract Agreement will take precedence over this **LETTER OF NOTIFICATION OF AWARD**.

Yours faithfully,

KENYA TEA DEVELOPMENT AGENCY (H) LIMITED



SAMSON M. MIENCH

GROUP HEAD OF PROCUREMENT

Directors: P.T. Kanyago(MBS) (Chairman), P.K. Ng'etich(MBS, OGW), S.L. Tiampati (Managing), J.M. Wakimani, Eng. Erastus Gakuya, G.C. Kirundi(HSC), S.M. Ireri, Paul Ringera, Samuel Tonui, Mr. James Nyauma Achoki, B. Matonda, J. M. Mukavale, B.K. Ngari (Finance & Strategy)

LETTER OF ACCEPTANCE

We, the undersigned, hereby acknowledge the receipt of the above letter of notification of Contract Award in respect of **Engineering, Procurement and Construction (EPC/Turnkey) of the proposed 1.5 MW Iraru Small Hydropower Project-Tender No. KTDA/2012/108** for the Contract Price of USD: 6,873,000.00 (United States Dollars: Six Million, Eight Hundred and Seventy Three Thousand Only)

We accept that unless and until a formal Contract Agreement is signed, this letter of acceptance together with agreed Contract Negotiations Notes and Contract Documents including our tender shall constitute a binding Contract between ourselves and the Employer. We declare that we shall carry out all the assignment and execute this Contract in accordance with the Contract Agreement to the directions and reasonable satisfaction of the General Manager - KTDA Power Company Ltd.

Signed for and on behalf of the contractor: -

Name: NISHANTHA NANAYAKKARA

Designation: MANAGING DIRECTOR / CHAIRMAN

Official Stamp:

And Signed:



HYDRO POWER INTERNATIONAL (PVT) LTD.
92/A, G. H. Perera Mawatha,
Raththanapitiya,
Boralesgamuwa.

Date: 27-05-2014

Witnessed by:

Signature of Witness:



Name of Witness: KASUN PERERA

Designation: CHIEF EXECUTIVE OFFICER

Date: 27/05/2014

Directors: P.T. Kanyago(MBS) (Chairman), P.K. Ng'etich(MBS, OGW), S.L. Tiampati (Managing), J.M. Wakimani, Eng. Erastus Gakuya, G.C. Kirundi(HSC), S.M. Ireri, Paul Ringera, Samuel Tonui, Mr. James Nyauma Achoki, B. Matonda, J. M. Mukavale, B.K. Ngari (Finance & Strategy)